

Louvain School of Management

**How can brands effectively utilize
NFTs as a marketing tool to
increase customer acquisition,
build customer engagement, and
establish long-term loyalty?**

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Abstract

In the era of rapid technological advancements, Non-Fungible Tokens (NFTs) have surfaced as innovative tools for marketing strategies. Our study offers some insights on the potential and challenges associated with integrating NFTs into marketing strategies in a time when the initial hype has subsided, and a more sober perspective has taken hold. In this thesis, we look at the application of NFTs in marketing, their ability to reshape the customer-brand relationship, and potential challenges associated with their implementation. The study was based on an in-depth literature review and interviews with eight experts in the field, using a qualitative and exploratory approach.

We explored the use of NFTs in attracting a more diverse audience, engaging customers through unique experiences, and fostering long-term loyalty. The findings revealed a shift in NFT marketing strategies from targeting a tech-savvy audience to appealing to a broader demographic. The study also highlighted an increased focus on security measures, user-friendly application methods, and the necessity for expert advisors to work closely with brands for innovative implementation of this new technology.

Keywords: Non-Fungible Tokens, marketing strategy, customer engagement, customer acquisition, customer loyalty

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1.Introduction

1.1 Background and Context

The rapid progression of technology has brought about significant changes in a short period of time, such as the recent emergence of the Metaverse - a virtual and parallel reality where individuals and objects can be represented in various ways. This emerging domain leads us towards unexplored territories, bound to evolve quickly and dramatically with technological advancements. Currently, it is challenging to predict the exact impact of these innovations on our future. However, we can examine current trends and phenomena that are already causing shifts in how people interact with one another and, most importantly, how they adjust their consumption behaviors in response to these emerging technologies (Sestino et al., 2022). As these technologies continue to advance, it is crucial to understand the potential implications for various industries and sectors. This includes exploring the role of emerging digital assets, such as non-fungible tokens (NFTs), in shaping the future of marketing and customer engagement.

Non-fungible tokens (NFTs) are digital assets that represent unique and scarce ownership of something or someone in a verifiable and tradable way (Solouki and Bamakan, 2022) .

While all coins of a standard coin like Bitcoin are equivalent and indistinguishable, NFTs are unique and cannot be exchanged like-for-like. This makes NFTs suitable for identifying something or someone in a very unique way. By using NFTs on smart contracts, a creator can easily prove the existence and ownership of digital assets such as videos, images, arts, event tickets, etc. Furthermore, the creator can also earn royalties each time their NFT is sold (Wang et al., 2021).

These unique characteristics of NFTs have opened up new possibilities for creative and innovative applications across various industries, including marketing and branding.

As NFTs gain traction, they are being adopted in various sectors including art, fashion, and music. Their use in these sectors is redefining the way consumers interact with brands, with the

unique ability to verify the authenticity and ownership of digital assets, providing novel ways to engage consumers, create brand loyalty, and drive consumer acquisition.

The versatility of NFTs underlines their ability to revolutionize traditional marketing approaches by transforming how individuals purchase, own, utilize, and consume products (Sestino et al., 2022).

The intersection of art and branding provides a potential application of NFTs, where they can enable brands to offer personalized and exclusive experiences. The use of NFTs in virtual environments is another emerging trend, with participants in online meetings potentially displaying authentic NFT artworks, and platforms offering NFT-based digital wardrobes. As the digital world continues to evolve, this enduring connection between brands and art is meant to explore new creative avenues.

The future could see NFTs and blockchain technology transforming virtual environments in online meetings. Participants may display authentic NFT artworks, and platforms could offer NFT-based digital wardrobes to enhance users' appearance. With such innovations, individuals can appear more elegant and better suited for various occasions, even in virtual settings. They could feature an NFT artwork in their background for example, acquired from digital art platforms like OpenSea or through an auction house. Such transactions are already happening: the well-known case of digital artist Beeple selling an NFT collage called "Everyday" for over 60 million dollars, and more recently, another artist named Pak selling "The Merge" to nearly 30,000 collectors for a combined price of 91.8 million dollars. It's not uncommon to find NFT art pieces displayed in galleries and museums worldwide (Sestino et al., 2022).

This transformative potential is particularly relevant as the digital landscape continues to evolve, presenting both challenges and opportunities for brands. It becomes crucial for brands to adapt their marketing strategies to keep pace with technological advancements and shifting consumer preferences. NFTs offer many possibilities for brands, particularly for traditional businesses facing challenges in discovering innovative methods to engage with an ever growing digital-centric consumerbase.

In this context, understanding the implications of NFTs as a marketing tool could be important for brands to stay competitive and foster long-lasting customer loyalty. The background and context provided here sets the stage for a deeper exploration of NFTs and their potential applications in marketing and brand strategy in subsequent chapters.

1.2 Research Problem

As the digital world evolves, consumers' expectations also shift, creating a demand for more personalized, engaging, and immersive experiences. NFTs have the potential to provide these experiences by allowing brands to create and offer unique digital assets with verifiable ownership and traceable origins. The exclusivity and scarcity of NFTs can contribute to their value, driving consumer interest and offering an additional layer of engagement.

However, the rapid growth of the NFT market also presents challenges for brands. With new platforms, technologies, and use cases emerging constantly, it can be difficult for companies to stay informed and make strategic decisions about how to best integrate NFTs into their marketing efforts. Furthermore, as the NFT ecosystem is still developing, there may be potential pitfalls and risks that brands must navigate, such as legal and regulatory uncertainties, and potential backlash from consumers who may view NFTs as a passing fad or as contributing to digital waste.

To address this research problem effectively, we must begin by thoroughly examining the current state of the NFT market and identifying potential opportunities and challenges within these specific industries. We will look at current NFT use cases, platforms, and technologies to gain a better understanding of the landscape and its potential implications for marketing and customer engagement.

Once we have a clear grasp of the NFT market, we can start exploring how to incorporate NFTs into new marketing strategies in a way that aligns with a given brand identity, target audience, and overall marketing goals. This may involve experimenting with different types of NFT offerings, such as limited edition digital art, virtual merchandise, or exclusive access to content and experiences.

Given the nascent stage of NFTs, there is a lack of extensive literature and empirical studies that provide guidance on how brands can effectively leverage NFTs to enhance their marketing efforts. As brands are still in the experimental stage, trying to understand the full potential of

NFTs, a comprehensive understanding of the strategies to use NFTs for customer acquisition, engagement, and establishing long-term loyalty remains a key research problem.

1.3 Research Question

Given the background and context outlined in the previous section, the central research question guiding this study is: How can brands effectively utilize NFTs as a marketing tool to increase customer acquisition, build customer engagement, and establish long-term loyalty?

This research seeks to explore how brands might employ NFTs to attract new customers, increase engagement and raise brand awareness. It also attempts to uncover the unique experiences that NFTs can offer, which may not be possible with traditional digital marketing strategies.

We are interested in exploring whether and how NFTs can help in establishing long-term customer loyalty. In doing so, it will delve into real-world examples where brands have innovatively used NFTs for marketing, trying to understand their approaches and outcomes.

The research will also consider the potential challenges and risks that brands might encounter when integrating NFTs into their marketing strategies. It will further investigate how the role of NFTs within the digital marketing landscape is likely to evolve in the future.

Importantly, the study will examine how brands can smoothly integrate NFTs into their existing marketing strategies and whether the use of NFTs can create new forms of customer-brand interactions.

1.4 Significance of the Study

As digital transformation continues to reshape the business landscape, brands must adapt and innovate to stay competitive and engage with their target audiences. By exploring the role of NFTs as a marketing tool, this study aims to provide a comprehensive understanding of the opportunities and challenges that come with incorporating NFTs into marketing strategies.

The following paper aims to be beneficial for marketers, brand managers, and industry professionals planning to use NFTs in their marketing efforts, as it will provide a clearer understanding of the current state of the NFT market and its potential implications for marketing and customer engagement. The findings of this study may guide brands in identifying potential

uses of NFT in their businesses, developing innovative marketing strategies and contributing to the existing body of literature in this research field.

2.Literature Review

The following research offers an in-depth analysis of Non-Fungible Tokens (NFTs) and their potential implications for marketing strategies.

Section 2.1 begins with a fundamental understanding of NFTs, covering their characteristics, types, and the essential role blockchain technology plays in their creation, management, and trading.

Section 2.2 provides an understanding of the NFT market, focusing on current trends and future projections. This part should help us to understand the operational dynamics of the NFT market and the opportunities it presents to marketers.

Section 2.3 gives an overview of customer acquisition and examines the strategies that can be employed to leverage the unique attributes of NFTs to attract new customers.

In Section 2.4, the focus shifts to customer engagement, first we give an overview of the term and then the section discusses how brands can use the interactive nature of NFTs to improve customer engagement and build stronger relationships, thus enhancing their brand value.

Section 2.5 delves into the concept of long-term customer loyalty, first given an overview and secondly exploring how brands can use NFTs to cultivate long-lasting customer relationships and promote loyalty.

Lastly, Section 2.6 concludes the literature review by examining how brands are currently utilizing NFTs. This section gives practical examples of brands that have integrated NFTs into their marketing strategies, providing insights into real-world applications and practices.

2.1 NFTs: Overview and Key Concepts

2.1.1 Definition and Characteristics of NFTs

Non-fungible tokens (NFTs), as explained by Bernardino et al., (2021), are a distinct type of token. Unlike fungible assets such as money, which can be replaced with identical items in terms of quality and quantity, NFTs are characterized by their uniqueness.

The key characteristics of NFTs according to Bernardino et al., (2021) can be described as follows:

- **Uniqueness:** NFTs represent unique objects, either digital or physical, that can be unequivocally associated with a user or a virtual wallet.
- **Indivisibility:** NFTs cannot be divided into smaller parts.
- **Non-fungibility/interchangeability:** NFTs are neither fungible nor replicable. They can serve as tokenized proof of ownership for digital assets (e.g., images, videos, other digital content) or physical assets (e.g., paintings, sculptures, other tangible items). However, legal ownership might differ from the tokenized proof.

Utilizing NFTs enables creators to effortlessly establish the existence and ownership of various digital assets such as videos, images, art, event tickets, and more. Additionally, creators can receive royalties with each successful transaction on NFT markets or through peer-to-peer exchanges. NFTs offer full-history tradability, deep liquidity, and seamless interoperability, making them a promising solution for intellectual property protection. While NFTs fundamentally consist of code, their perceived value to buyers arises from the comparative scarcity of the digital objects they represent (Wang *et al.*, 2021).

NFTs can be created and stored in a blockchain platform like Ethereum. The platforms enable applications like cryptocurrencies, smart contracts, and non-fungible tokens (NFTs) without the need for a central authority. Top platforms in 2023 include Ethereum, IBM Blockchain, Hyperledger Fabric, Hyperledger Sawtooth, R3 Corda, Tezos, EOSIO, Stellar, and ConsenSys Quorum.

Because NFTs aren't tied to one specific blockchain platform, the variety of platforms and the absence of a unified standard can be a challenge for users to navigate the NFT ecosystem, potentially hindering widespread adoption and interoperability (Bernardino et al.2021).

Another distinction, as pointed out by Bernardino et al., (2021), lies in the different classifications of NFTs based on the rights they can include:

- **Asset tokens:** These represent a particular right over a tangible or intangible asset, with the token creator determining the rights granted to the token holder.
- **Utility tokens:** These tokens grant holders access to exclusive goods or services within a blockchain platform.
- **Security tokens:** These tokens represent asset ownership and provide token holders with rights similar to securities, including shares, bonds, and other financial instruments.

An NFT marketplace is a digital platform where users can buy, sell, and trade NFTs. An example of a popular NFT marketplace is OpenSea, but individual brands are also exploring this territory themselves and create their own marketplaces like Nike's new Swoosh website (<https://www.swoosh.nike/>) or collaborations like Dolce & Gabbana #DGFAMILY, an exclusive NFT (Non-Fungible Token) community in collaboration with UNXD, a curated marketplace for digital luxury and culture.

2.1.2 Types of NFTs

In their work, Solouki and Bamakan (2022) explain the differences between static and dynamic NFTs and their use cases.

A static NFT has unchangeable features and data, making it unsuitable for tokenizing real-world assets or applications that require updates. In contrast, a dynamic NFT can change its attributes based on external factors, making it useful for applications with constantly changing data. Static NFTs are more secure and easier to authenticate but less flexible, while dynamic NFTs offer flexibility and adaptability. Both types have their uses in the crypto world, and introducing dynamic NFTs expands potential applications and encourages mainstream adoption (Solouki and Bamakan, 2022).

Table 1. Comparing features of Static and Dynamic NFTs.

Static NFT	Dynamic NFT
hold attributes immutable and permanently recorded on the blockchain	NFT attributes may change based on certain circumstances
Ignoring off-chain sources	Connect to on/off-chain data sources
Unresponsive to real-world events	tokenizing real-world progressing items
More trustworthy and secure because of immutable metadata	Less security due to changeable metadata and possible oracle attack
More efficient in terms of cost, storage, and bandwidth requirements	Require more cost for updating metadata
Using only one metadata file makes it easier to verify	Having multiple metadata files makes its verification more difficult
No participation or change by holders	Increased engagement and greater immersion

Table 1: Solouki and Bamakan (2022)

Here are a few examples of NFTs that Upyo Blog (2022) introduces, but the possible applications are still growing.

- **Art NFTs:** These are NFTs that represent digital artworks, such as paintings, drawings, animations, videos, and more. Widewalls, a Swiss online marketplace introduces some of the most famous NFT artists of today and their work such as Pak, who is working at the crossroads of digital and crypto art and reached enormous fame after their NFT titled Merge, which gained \$91.8 million in sales in 2021. Another artist Beeple, an American digital artist and animator, who is known for his humorous and socio-politically inclined works based on pop culture references. Tyler Hobbs who experiments with algorithms, plotters, and paint to produce captivating works evoking computational aesthetics.
- **Music NFTs:** These are NFTs that represent musical works, such as songs, albums, soundtracks, or even royalties. Music NFTs can be created by musicians using various platforms and services, such as Audius, Opulous, or Catalog. They can be sold or streamed on NFT marketplaces or platforms like Nifty Gateway, Foundation, or Zora. As the famous website "Billboard", a prominent magazine focusing on music points out in an article of April 2023 examples of famous music NFTs feature artists such as Soulja Boy, Snoop Dogg and Deafbeef, an innovative music project using Web3 and Ethereum blockchain to create and mint algorithmic music. Considered a key experiment in the

Non-Fungible Tokens (NFTs) space, its pieces are highly valued, with one recently selling for \$46,000.

- **Gaming NFTs:** These are NFTs that represent in-game items, such as weapons, skins, characters, or land. Some of the most popular games are Axie Infinity: A game that allows players to collect, breed, and battle digital pets called Axies, which are NFTs that can be traded or sold on a marketplace. The game also has a play-to-earn model that rewards players with cryptocurrency for playing the game. The Sandbox is a virtual world where players can build, own, and monetize their gaming experiences in the Ethereum blockchain using NFTs called LANDs, ASSETS, and SAND. The game also has a creator fund that supports artists and developers who create content for the game. And lastly Decentraland is an immersive digital game that emulates real-life experiences in a 3D environment. It's a user-owned, Ethereum-based metaverse, blending elements of virtual reality, augmented reality, and the internet. This open-world platform offers a collective digital experience where users can engage in gaming, trade collectibles, purchase and sell virtual real estate or avatar accessories, and interact socially with one another.
- **Collectible NFTs:** These are NFTs that represent trading cards or collectible items, such as sports cards, comic books, stamps, or figurines. Collectible NFTs can be created by collectors or creators. The first significant NFT collectibles were Curio Cards, followed by others like Bored Ape Yacht Club and Cryptopunks. Among these, Bored Ape Yacht Club has emerged as the most valuable digital collectible.
- **Meme NFTs:** These are NFTs that represent viral memes or internet culture phenomena, such as images, videos, gifs, or tweets. Some examples of famous meme NFTs are Nyan Cat, which is an animated gif of a cat with a rainbow trail, and Jack Dorsey's first tweet , which sold for \$2.9 million.
- **Virtual Fashion NFTs:** Virtual fashion NFTs are NFTs that represent digital clothing that can be worn by avatars in virtual worlds or metaverses, such as Decentraland, The Sandbox, or Cryptovoxels. Virtual fashion NFTs can also be used to create digital versions of real-world clothing, or to create unique and innovative designs that are not possible in physical reality. In April, Nike unveiled Cryptokicks, their debut collection of

virtual footwear, encompassing 20,000 NFTs. Among these was a piece crafted by Takashi Murakami, which was acquired for \$134,000.

2.1.3 The Role of Blockchain Technology in NFTs

Blockchains are digital ledgers that are resistant to manipulation and tampering. They operate in a decentralized manner, meaning they do not rely on a central repository or authority such as a bank or government. Essentially, blockchains allow a community of users to record transactions in a shared ledger within that community. Once a transaction is published under normal operations, it cannot be altered (Yaga et al., 2018).

As Ali and Bagui (2021) point out, this technology stands out for its speed, openness, affordability, ease of use, transparency, and adaptability. It facilitates the quick transfer of information and money across the globe. As a protocol, it lays down the rules for exchanging value. Any type of information can be stored in a blockchain, and each block is linked to the next in an unchangeable sequence. This technology ensures the safe transfer of values worldwide, and it is nearly impossible to alter any recorded data, a crucial feature for safekeeping bank records or transactions. Its security is rooted in the characteristics of the chain connections between the blocks. A new block is added to the chain by calculating a numerical value, known as a hash, from the previous block, which is then included in the next block's data.

The relationship between blockchain technology and NFTs is fundamental, as blockchain provides the underlying infrastructure for creating, managing, and trading NFTs (Zhao, 2022).

Smart Contracts

Smart contracts are digital agreements that automatically execute when specific conditions are met (Liu and Huang, 2019). Non-fungible tokens (NFTs) and smart contracts are closely linked, as NFTs are built on blockchain platforms like Ethereum, which support smart contracts. Smart contracts enable the creation, management, and transfer of NFTs by implementing rules and automating transactions (Ali and Bagui, 2021). For instance, when an NFT is created, a smart contract can define its unique properties and ownership. When an NFT is bought or sold, the smart contract can automatically update the ownership record and transfer the payment between parties. This connection between NFTs and smart contracts ensures secure, transparent, and efficient management of digital assets, such as art, collectibles, and virtual goods.

Blockchain technology ensures the security, transparency, and immutability of NFT transactions, while smart contracts enable the implementation of rules and conditions for the management of digital assets (Ali and Bagui, 2021).

2.1.4 How to Purchase an NFT

The value of an NFT is set by its demand and rarity. Highly sought-after and scarce NFTs frequently go to auction, where interested buyers submit bids. Some of the high-ticket NFTs sold include 'The First 5,000 Days', which fetched \$69 million, 'CryptoPunk #3100' sold for \$7.58 million, 'Crossroad' purchased for \$6.6 million, and 'Ocean Front' that brought in \$6 million (Khan *et al.*, 2022).

Here is an example on how an NFT could be possibly purchased, proposed by Becker (2023).

- Setting up a digital wallet: A digital wallet that is compatible with the blockchain platform on which the NFT is created, such as Ethereum, is needed. Popular wallet options include MetaMask, Trust Wallet, and Coinbase Wallet.
- Funding of the wallet: Cryptocurrency, like Ether (ETH), needs to be added to a wallet. It can be purchased on exchanges like Coinbase, Binance, or Kraken, and then transferred to the wallet.
- Choice of NFT marketplace: There are multiple NFT marketplaces currently available like OpenSea, Rarible, or Foundation, which allow users to create, buy, and sell NFTs. Some NFTs may be exclusive to specific platforms, so it needs to be verified that the chosen NFT is available on that specific marketplace.
- Connection of digital wallet: The digital wallet needs to be linked to the NFT marketplace by following the platform's instructions. This will enable the user to buy and sell NFTs using the cryptocurrency in their wallet.
- Browsing and selection of NFT
- Purchase the NFT: Either a "Buy" or "Bid" button can usually be used, depending on the marketplace and the NFT's sale format. Now the transaction can be confirmed, and the NFT will be transferred to the digital wallet.

2.1.5 How to Create and Sell an NFT

Creating Non-Fungible Tokens (NFTs) allows artists, content creators, and businesses to monetize their digital assets. Artists can sell their work directly, bypassing intermediaries, and earn ongoing royalties. Businesses can create unique customer experiences through digitized assets like exclusive merchandise or VIP access passes. This enhances customer engagement and opens new revenue avenues.

Wade (2023) proposes us a guideline how to create and sell an NFT:

- **Artwork selection:** The first stage involves determining which piece of digital content will be turned into an NFT. It could be any type of digital file, like songs, images, movies, or artwork.
- **Account creation:** An account must be registered on a chosen marketplace and a digital wallet must be connected for managing NFTs and cryptocurrencies.
- **NFT minting:** The digital asset must be uploaded, and a unique token representing it must be created, which may require a cryptocurrency fee.
- **Price determination:** A selling price for the NFT must be set, either as a fixed amount or through an auction format.
- **NFT listing:** The NFT must be made available on the marketplace for potential buyers to view and purchase.
- **Promotion:** The NFT listing must be shared on various channels to attract potential buyers.
- **Transaction completion:** Upon purchase, the marketplace facilitates the transfer of ownership and payment, with the creator potentially receiving royalties for each subsequent trade.

2.2 Understanding the NFT Market: Current Trends and Projections

2.2.1 Overview of the Existing NFT Ecosystem and Market Dynamics

The emergence of non-fungible tokens (NFTs) was highlighted in 2018 when the New York Times questioned who might spend \$140,000 on a CryptoKitty. Fast forwarding to the present

day, the values of digital art from groups such as CryptoKitties, CryptoPunks, and Bored Apes have soared, with the predicted sales reaching an impressive \$35 billion in 2022 (Hofstetter et al., 2022). As Kraeussl and Tugnetti (2022) are pointing out, after a period of strong enthusiasm due to the introduction of this new digital asset, sales of NFTs dropped dramatically towards the end of 2021. For instance, Jack Dorsey's NFT valued at USD 2.9 million USD in March 2021, was up for resale at auction in April 2022 and the highest bid was just under 10,000 USD, a dramatic loss in its value of over 99 percent in just one year.

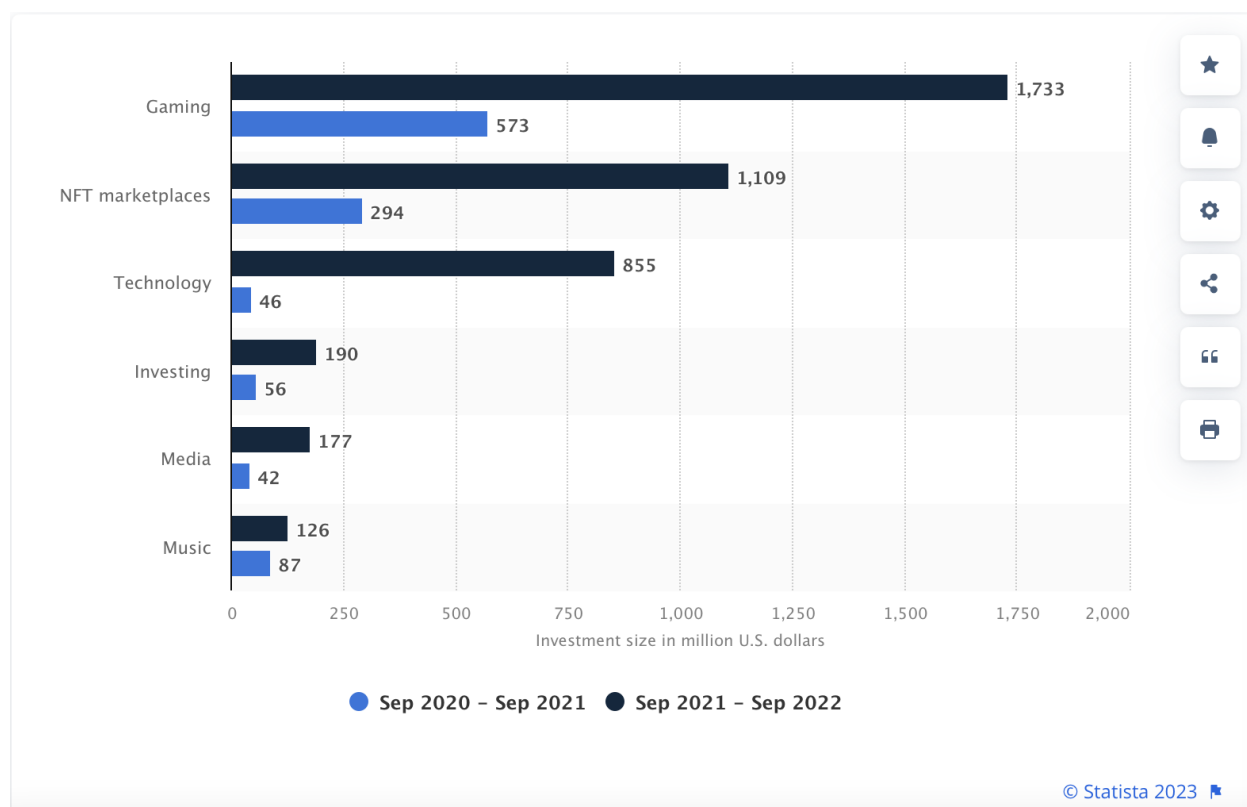


Figure 1: Statista Comparison Investment Chart

Based on Statista's comparison, there was significant growth in the top 50 NFT investments between September 2020-2021 and September 2021-2022, particularly in NFT marketplaces such as OpenSea. Nevertheless, it's important to note that a majority of these investments likely took place early in the September 2021-2022 timeframe, a period which also saw a decrease in the number of NFT users throughout 2022 (Statista, 2023).

Despite the inherent volatility, in the value of NFTs and cryptocurrencies, NFTs have made significant inroads into consumer markets. Prominent consumer brands like Coca-Cola, Gucci,

and Pizza Hut have strategically integrated NFTs into their operations. For instance, Adidas managed to earn over \$22 million in one afternoon by selling 30,000 NFTs tied to a new hoodie and tracksuit at \$765 each (Hofstetter et al., 2022).

Hurtado and Paganelli (2023) review in their article *Diamonds are not forever: Adam Smith and Carl Menger on value and relative status*, how according to Smith, scarcity is the key to value. Our innate desire to stand out drives our demand for "diamonds," giving them value. However, when "diamonds," like Prada shoes or Gucci bags, become common because they can be easily reproduced and copied, under Smith's theory, we could argue why unique, non-duplicable goods like digital art have the potential to challenge replacing traditional luxury items as indicators of status in society (Hurtado and Paganelli, 2023). NFTs provide a new level of uniqueness, which is valuable because owning something scarce can give a person a feeling of being distinctive and unique (Hurtado and Paganelli, 2023).

Applications and Opportunities, Kraeussl and Tugnetti (2022) warn us that scarcity is not enough of a factor to predict long term valuation, because the value of NFTs may be influenced by speculative behaviors more than inherent scarcity. According to the "greater fool" theory, investors may be buying overpriced NFTs in hopes of selling them to someone else for a higher price. This could potentially lead to a speculative bubble that might burst when there are no more buyers willing to pay higher prices.

Thus it remains to be seen how these dynamics will evolve as the NFT market continues to mature. Factors such as technological advancements, market regulations, and shifts in consumer behavior could potentially affect both the scarcity-driven value and the speculative tendencies in the NFT market.

In their investigation into NFT bubbles, Barbon and Rinaldo (2023) demonstrate that it's possible that asset bubbles in the NFT market can be predicted. The study found that certain factors, such as volatility (how much the price fluctuates), price acceleration (how quickly the price rises), and turnover (how frequently ownership changes), are significant indicators of when a bubble is forming and when it's about to burst.

According to a recent survey, Millennials lead the way in NFT collection, with 23% doing so for hobby or investment. This is followed by Gen Xers at 8%, Gen Zers at 4%, and Baby Boomers at 2% (Howarth and Joseph, 2022).

Younger consumers are often quick to use new technology, so they might be the first to get into the NFT market. But, since they might not have much experience with investing and might not fully understand the risks, they could be more likely to lose money, especially if they fall for scams in this new and not well-regulated market, which could end up hurting the market's image, scaring off seasoned investors, and possibly attracting attention from regulators.

However the enthusiasm of younger, more tech-savvy generation to engage with new technologies could expedite the NFT market's growth and maturity. As they accumulate knowledge and experience, they could foster innovation within the sector and lead to an expansion of a broader consumer-base.

Finder's, 2021 statistics reveal that among 20 countries studied, the highest percentage of NFT owners were found in the Philippines (32%), Thailand (27%), Malaysia (24%), the UAE (23%), and Vietnam (17%), Japan had the least percentage of NFT-owning internet users (2%), trailed by the UK and the US (3% each), Germany (4%), Australia (5%), and Canada (6%). However, the particular Christie's auction of Beeple's "Everydays: The First 5000 Days" Americans accounted for over half (55%) of the bidders. Europe followed with 27%, while 18% were from Asia (Howarth, Joseph, 2022).

2.2.2 Current Trends and Future Projections in the NFT Market

While there may not be immediate indicators of another surge in the NFT market soon, the significance of the project will continue to grow. This is because the current downturn is likely to catalyze substantial transformations in the NFT landscape, eventually leading to more practical and beneficial applications. It's crucial to acknowledge that we are presently in the 'early adopter' stage of NFTs, a period marked by instability and unpredictability, yet with substantial promise for future growth (Leon, 2023).

A Ford article of 2023 "Following Digital Asset Trends In Fashion" stated that digital assets have the potential to revolutionize the fashion industry and create new value propositions for both brands and customers. Listing the following trendy assets:

- Phygital items are physical items that are connected to a digital version of themselves, often through the use of NFTs. They can be used to represent ownership of virtual fashion items or to access exclusive items and experiences

- Luxury brands in the metaverse are embracing Web3 and releasing digital collections that can be worn and used by avatars in virtual worlds like Decentraland or Sandbox. They can also create immersive experiences and collaborations with gaming platforms like Fortnite or Roblox
- Token-gated commerce is a new way of engaging customers by using tokens or NFTs as a form of access or membership to a brand's community, content or services. This can create loyalty, exclusivity and personalization
- Digital fashion as art is a growing phenomenon where digital fashion designers create unique and expressive pieces that are sold as NFTs on platforms like SuperRare or Foundation. These pieces can also be displayed in virtual galleries or museums

We can witness a shift from simple digital asset ownership to the creation of active, self-sustaining ecosystems around NFTs.

Kaczynski and Kominers (2021) argue in Harvard Business Review *How NFTs Create Value*, that the potential of NFTs lies not only in the digital assets themselves but also in the innovative organizational structures and ecosystems they can create and support. The process initiates with a series of NFTs, which set forth a strategic plan, providing NFT owners with an expanding range of products, activities, and experiences. The income from the sales of these NFTs is used to enhance the brand, which subsequently funds more advanced projects. These ambitious projects directly contribute to the appreciation of the corresponding NFTs' value. Examples such as the Bored Ape Yacht Club and Cat Gang illustrate that NFTs are not just digital assets but also gateways to unique online communities (Kaczynski and Kominers, 2021).

As indicated by Nadini et al., (2021), since July 2020, the highest volume of NFT transactions have been observed in the Games and Collectible categories, which constitute 44% and 38% of the transactions respectively. In contrast, only a small fraction, about 10%, of the transactions pertains to NFTs classified as Art.

Projecting into the future, Kaczynski and Kominers (2021) argue that the potential of NFTs facilitating unique organizational structures and ecosystems, may redefine the concept of ownership and its privileges. In the context of NFT communities, ownership of collectibles serves not only as proof of possession of a unique digital asset but also as a passport to exclusive experiences, rights, and participation within the community.

Ownership of NFTs often comes with partial or full commercial rights, and sometimes even some degree of governance in the community's management. This empowers members to contribute to their NFTs' value by creating additional properties or projects. These user-generated developments, like the "Jenkins the Valet" project or individual contributions to the SupDucks metaverse, not only enrich the community's narrative but also enhance the overall brand's value (Kaczynski and Kominers, 2021).

Thus we can anticipate that NFTs will continue to evolve beyond being mere digital assets, suggesting a future where they play a significant role in community building, governance, and brand value enhancement.

2.3 How Brands Can Utilize NFTs to Increase Customer Acquisition

2.3.1 *Customer Acquisition - an Overview*

Gaining new customers is crucial for business survival and growth. This is especially true for start-ups, businesses entering new markets, and those that constantly need new customers due to the nature of their services.

Research indicates that a company with a decent market share could see a fivefold increase in revenue from a small increase in customer acquisition compared to the same increase in customer retention (Ang and Buttle, 2006).

As argued by Leblo (2022), the process of customer acquisition management (CAM) is critical to the growth and sustainability of businesses. It's a strategic, multilayered approach that focuses not only on attracting new customers but also maximizing the value and profitability each customer brings to the company.

Leblo (2022) posits that a successful CAM strategy is built on four pillars: vision, target, messaging, and profitability. The vision forms the cornerstone of this strategy, detailing the company's aspirations and end goals. It serves as a roadmap, guiding the company towards specific revenue, support systems, and profitability goals.

The second pillar, the target, involves a thorough understanding of the company's ideal customer. As Leblo (2022) explains, the demographic and psychographic profile of the ideal customer may

vary across industries. Therefore, businesses must meticulously identify the needs, likes and dislikes, hobbies, and buying habits of their potential customers.

Messaging, the third pillar, is about conveying the right message to the identified target customers through the most effective channels. The message should resonate with the audience, addressing their specific needs and problems (Leblo, 2022).

Lastly, Leblo (2022) emphasizes the importance of profitability. The ultimate aim is not just to increase revenue, but to focus on the profitability that each customer brings. It involves a careful evaluation of the cost of acquiring a customer versus the return on investment they provide.

Acquiring new customers, as stated by Leblo (2022), necessitates a well-planned strategy. Businesses need to recognize the importance of vision, understanding the target customer, conveying effective messaging, and focusing on profitability. Indeed, having an established method for attracting and retaining customers can have a substantial impact on the overall business growth.

Shifting from the conceptual framework, we can then look into a more specific, practical application to guide businesses in their customer acquisition journey. This is where the RACE Framework, as illustrated by Chaffey (2022) comes into play. This operational model guides businesses in creating an engaging customer journey, from raising brand awareness to converting leads into sales, and ultimately, fostering a lasting relationship with the customers. This ensures a sustainable customer base, which is crucial for the long-term success of any business.

The RACE Framework is a four-step process designed to help brands engage with customers throughout their lifecycle.

- **Reach:** This step involves increasing website visits and brand awareness. This is done by driving traffic to different web presences like the main website, microsites, or social media pages using different paid, owned, and earned media touchpoints.
- **Act (Interact):** This stage is about encouraging interactions on websites and in social media to generate leads. It's about persuading site visitors or prospects to take the next step or action on their journey. This could be registering as a member, signing up for a newsletter, or sharing content via social media.
- **Convert:** The third step is about conversion to sales - either online or offline. This involves persuading the audience to take that critical next step, which turns them into paying customers.

- Engage: This involves repeat sales and sharing content through social media. Also, it's important to measure the percentage of active customers and assess customer satisfaction and recommendation using other systems (Chaffey, 2022).

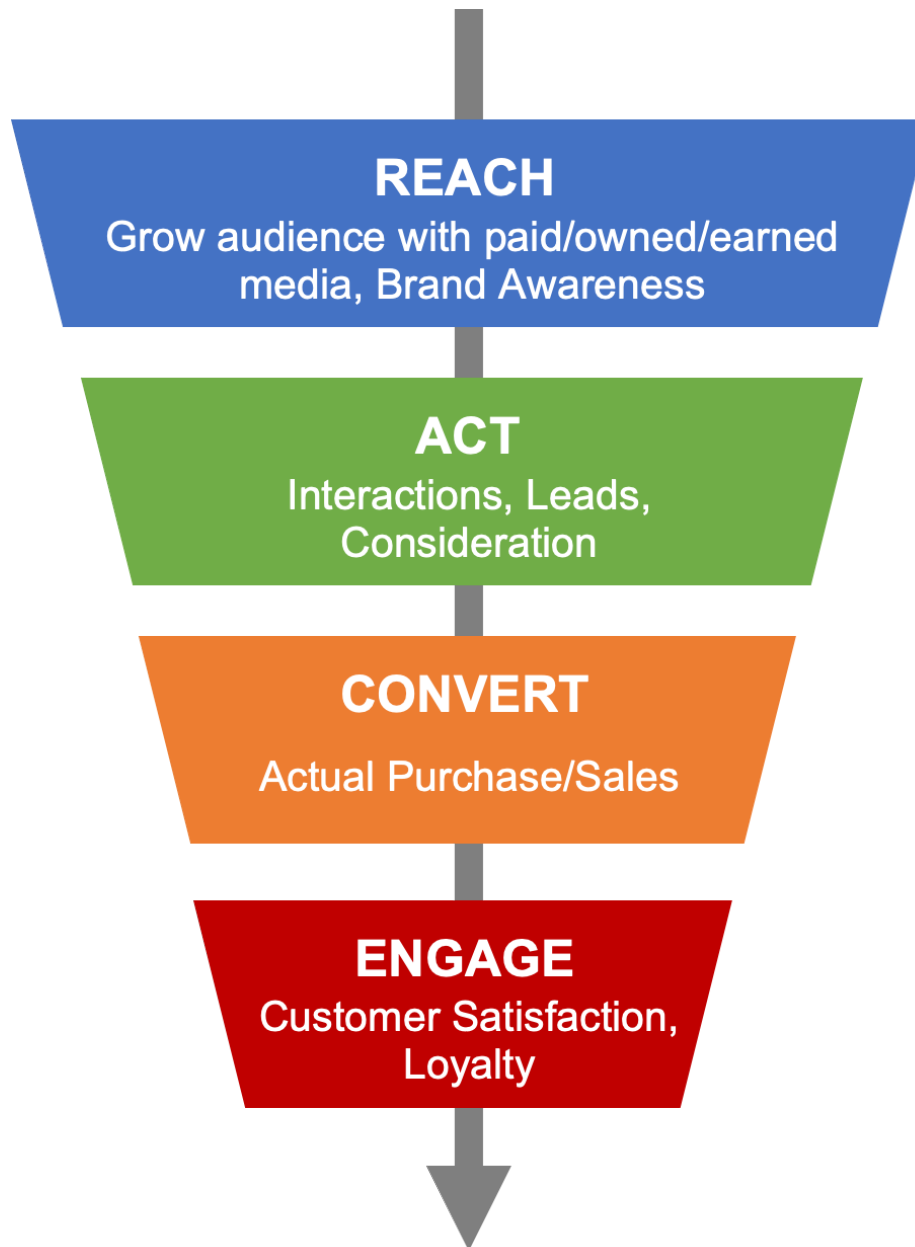


Figure 2: Chaffey (2022)

2.3.2 How the Implementation of NFTs Assist Brands in Improving Customer Acquisition

NFTs provide a unique opportunity to reach out to untapped audiences, particularly the younger, more tech-oriented demographics. This is not only limited to such groups but also extends to audiences garnered through collaborations with established NFT projects, as seen in the partnership between Adidas and BAYC. Simultaneously, NFTs offer a pathway for long-standing customers to smoothly transition into the realm of digital assets by associating these NFTs with tangible products (Leon, 2023).

NFTs can serve as a motivating factor for consumers to buy a brand's physical items, which can create more chances for selling different products to the same customer (Colicev, 2023).

Applying the RACE model by (Chaffey, 2022) to NFTs, these digital assets can significantly contribute to customer acquisition by acting as standalone brand assets that improve overall brand equity (Leon, 2023).

They first help in reaching a wider audience, including untapped markets. The unique nature and exclusivity of NFTs can stimulate interest and interaction among potential customers. This interaction can then lead to conversion, where the customers decide to invest or participate in the brand's offerings. Ultimately, the use of NFTs can help foster enduring relationships with customers, converting one-time interactions into long-term loyalty.

Sundararajan (2023) outlines how non-fungible tokens (NFTs) can serve as an innovative marketing tool for brands to attract new customers. By launching digital collectibles or tokenizing physical products and experiences, brands can tap into a tech-savvy and trend-conscious demographic. Companies like Coca-Cola, Campbell's, and Nike are pioneering this space, generating unique digital assets that extend their brands into the NFT marketplace, or associating with popular NFT entities like Bored Ape Yacht Club to leverage their established audiences.

However, Sundararajan (2023) also warns of the challenges associated with this approach, including the fact that many mainstream consumers are still learning about NFTs and blockchain technology, and the user experience is often not consumer-friendly. Additionally, the future of NFTs, while promising, remains uncertain, potentially discouraging some customers from

engaging with them. Despite these hurdles, Sundararajan (2023) argues for the potential for NFTs as a customer acquisition tool as a significant marketing strategy.

2.4 How Brands Can Utilize NFTs to Build Customer Engagement

2.4.1 Customer Engagement - an Overview

While traditionally businesses have concentrated on acquiring new customers and retaining existing ones, there's a growing recognition that customer value is not solely transactional. Businesses are starting to understand that 'Customer Engagement', involving both transactional and nontransactional interactions, is crucial. This engagement includes active interactions with the firm and other customers, and can involve activities beyond direct transactions, such as word of mouth and new product ideas. It's about building a deeper, more meaningful, and enduring relationship with the customer that encourages interaction and participation (Kumar *et al.*, 2010). Kumar *et al.*,(2010) argue, customer engagement plays a crucial role within the realm of relationship marketing. Customer Engagement can be seen as the degree of an individual's involvement and interaction with a firm's products and/or activities, which can be initiated by either the customer or the organization. Customer Engagement is thus a multifaceted concept, comprising cognitive, emotional, behavioral, and social dimensions. (Kumar *et al.*, 2010). According to Haven (2007), Engagement represents the degree of involvement, interaction, intimacy, and influence a person experiences with a brand over a period of time.

He proposes four components to talk about customer engagement:

- **Involvement:** This refers to the degree to which a customer is personally invested in a brand or product, such as their interest and personal relevance.
- **Interaction:** This represents the customer's behavior related to the brand, for instance, purchasing products, writing reviews, or sharing social media content.
- **Intimacy:** This captures the emotional connection or bond between the customer and the brand. The stronger the emotional connection, the higher the level of intimacy.
- **Influence:** This is the degree to which the customer affects the brand and other customers. For example, a customer who frequently recommends the brand to others would have a high level of influence (Haven, 2007).

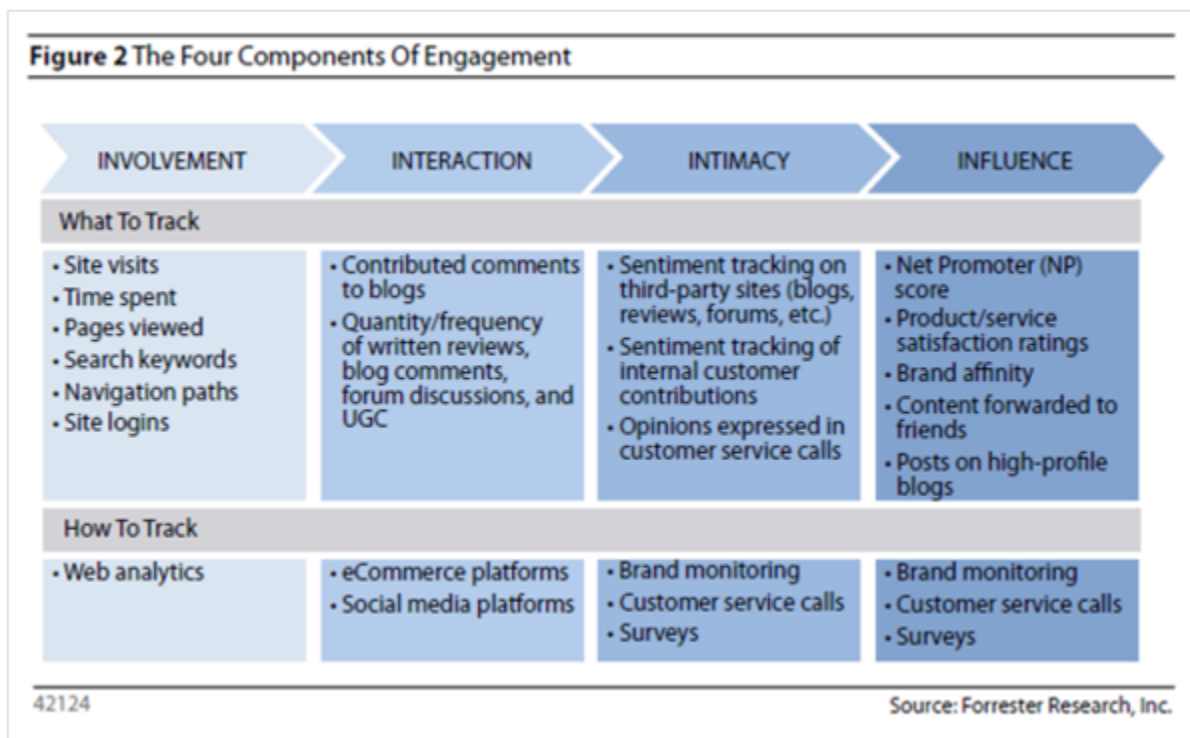


Figure 3: The Four Components of Engagement, Forrester Research

Building upon Haven's (2007) framework, we understand that engagement is a process, evolving over time. It's a continuous process of involvement, interaction, intimacy, and influence that forms a dynamic relationship between the customer and the brand.

2.4.2 How the Application of NFTs Can Help Brands to Boost Customer Engagement

As we delve into the sphere of NFTs, it's crucial to note that NFTs bring a novel dimension to the digital customer engagement landscape. They offer unique properties like verifiable ownership, provable scarcity, and interoperability, which can be harnessed by brands to fuel customer engagement.

Brands can enhance customer engagement through NFT communities by crafting interactive and intriguing content that escalates brand visibility (Colicev, 2023).

An instance of this can be seen with Time Magazine, which effectively uses Discord to captivate users via daily games and tasks. Moreover, the community-centric nature of NFTs can be leveraged to link NFT ownership with real-world applications, thus encouraging intent to purchase a brand's products. This can materialize in a variety of ways, from granting NFT owners exclusive access to merchandise as done by The Hundreds and Adam Bomb Squad, to providing preferential services such as priority seating at concerts or invitations to private parties, as showcased by the Bored Ape Yacht Club (Colicev, 2023).

NFTs can be utilized to boost customer engagement in several innovative ways. CryptoKitties is a blockchain-based virtual game that allows players to purchase, collect, breed, and sell various types of virtual cats. A key aspect of CryptoKitties is the idea of breeding. Users can allow their CryptoKitties to breed with those of other users to create new, unique types of CryptoKitties, which can vary in rarity. These new kittens can then be sold on the marketplace.

This approach not only piques the interest of gamers but also attracts investors, thereby increasing engagement. Furthermore, NFTs grant ownership records of in-game items and promote an economic marketplace within the gaming ecosystem. This allows both developers and players to profit from the secondary NFT market, increasing engagement and fostering a mutually beneficial business relationship (Wang et al., 2021).

Let's imagine we would participate in an NFT-enhanced virtual music festival scenario. Tickets are tokenized as unique, non-duplicable NFTs, providing a transparent and secure method for purchase and ownership. These NFT tickets not only grant access to the event, but can also offer exclusive benefits like early access to performances, special artist interactions, and unique digital merchandise, heightening the overall festival experience.

The additional characteristics of NFTs, including their uniqueness, ownership rights, and liquidity, significantly broaden the reach of blockchain applications. This amplification allows every person to associate with a particular event in a manner that mirrors real-life interactions and experiences (Wang et al., 2021).

After the event, these NFT tickets serve as digital collectibles, retaining value and possibly becoming tradable commodities, fostering a sense of community and engagement among attendees for future events.

The ability to immortalize an event experience into a tradable, valuable digital asset fosters ongoing engagement and creates anticipation and excitement for future events. It's a powerful way to combine experiential and transactional value, pushing the boundaries of what engagement can look like in the digital era.

2.5 How Brands Can Utilize NFTs to Establish Long-term Loyalty

2.5.1 Customer Loyalty - an Overview

According to Bernazzani (2022), customer loyalty can be defined as the willingness of a customer to consistently choose a particular company for their business needs, usually as a result of positive and exceptional experiences they have had with that brand.

Cultivating customer loyalty is at the forefront of a brand's marketing approach, as it offers several advantages. Bernazzani (2022) highlights them as:

Increased Wallet Share: This concept relates to the proportion of a customer's expenditure dedicated to a specific brand in comparison to what they spend on its competitors. Customers demonstrating loyalty are likely to devote more time and resources to the brand, resulting in an expanded wallet share.

Improved Word-of-Mouth Referral: Customers with a strong allegiance to a brand frequently relay their positive experiences to peers and colleagues, generating referral traffic and advantageous word-of-mouth publicity.

Deepened Trust: The bond of trust between your brand and customers is fortified by customer loyalty. The recurring choice of customers to engage with your company signifies that the benefits they derive from the relationship surpass what they could potentially gain from your competitors.

2.5.2 Why Customer Loyalty Programs Are an Essential Part of Modern Business Strategies

Customer Loyalty Programs serve as one of the most effective instruments for enhancing brand visibility and establishing enduring, robust relationships between a brand and its existing customers (Sahin et al., 2021).

The noticeable growth of loyalty programs reflects the rising importance of relationship marketing in today's business practices. The growing number of customers participating in loyalty programs indicates their widespread acceptance and consistent development in the global marketplace. For instance, between 2000 and 2006, the number of North American customers participating in various loyalty programs surged by 35.5%, reaching an unprecedented 1.5 billion. (Szczepańska and Gawron, 2011)

Meyer-Waarden (2007) suggests that numerous retailers today consider loyalty programs as essential components of their business strategy. For instance, E. Leclerc, a prominent grocery retailer in France, allocates around 18 million Euro from its annual marketing budget specifically for the administration of its loyalty program.

Sahin et al.,(2021) have demonstrated in their study how loyalty programs can influence consumer behavior, drive customer retention, and increase customer spending at a particular business, all of which are key elements of a successful marketing strategy. They suggest that such programs have the potential to modify the shopping habits of certain consumer segments after they enroll in the program. This includes rewarding established loyal consumers, which further solidifies their shopping patterns (Sahin et al., 2021).

2.5.3 The Role of NFTs in Enhancing Brand Loyalty

Brand loyalty is often associated with exclusive rewards and unique customer experiences, and this is where NFTs can step in. Brands can leverage NFTs to create unique, personalized rewards for their loyal customers. These could include exclusive access to products, limited edition items, or digital memorabilia represented as NFTs. This creates a sense of exclusivity and ownership, which can significantly enhance brand loyalty.

Pascucci et al.,(2023) found that the profound impact of digitalisation on marketing strategies and customer engagement significantly enhances customer loyalty to brands. The advent of technologies like AI or blockchain in marketing has opened up new avenues for customer interaction. This constant connectivity has reshaped the customer journey, establishing deeper relationships between brands and customers. Furthermore, in the digital era, customers, empowered by the abundance of information, no longer play the role of passive recipients but actively participate in the brand's narrative. This evolution has led brands to innovate in marketing communication, focusing on swift, transparent, and continuous interaction.

As Sundararajan (2023) points out, it is simple to overlook the considerable amount of time traditional companies took to understand how to effectively utilize Web1 and establish significant ties between the Internet platform and their existing business operations, therefore he suggest that the truly intriguing aspect of NFTs lies in the technology that powers them, demonstrating their wider potential as a tool for brands to circumvent the platform-dominated advertising landscape of the Web 2.0 era, and regain control over their digital interactions with customers.

2.6 NFTs and Current Brand Involvement

From the viewpoint of a brand, NFTs can be seen as digital manifestations of various brand elements, including product aesthetics, company logos, or overall brand image (Colicev, 2023). Navigating this new medium skillfully is important.

Brands must strike a balance between excessive availability and extreme scarcity. The value arises when a significant number of people desire what others are seeking (Leon, 2023). While it's rare for physical products to be truly unique, brands can create special value by linking unique NFT features to the actual product (Colicev, 2023).

2.6.1 Practical Illustrations

- **Case example: Tiffany & Co.**

In 2022, Tiffany & Co. adapted to the digital era by introducing an innovative product line, NFTiff, specifically for Cryptopunk NFT holders. This collaboration was initiated by Alexandre Arnault, son of Bernard Arnault CEO of LVMH, the company's EVP for Product and Communication, marking a significant intersection between luxury goods and digital assets. The move aimed to appeal to a younger audience that viewed NFTs as a legitimate form of art. As of that year, Cryptopunk owners could acquire an NFTiff pass, stored using blockchain technology, exclusively purchased with Ethereum cryptocurrency. These passes, limited to 250 with a restriction of three per person, were priced at 30 Ethereum, equating to approximately \$47,699.10 each, reflecting the potential high-end market within the NFT ecosystem (Loeb, 2022). It was reported that the company sold out the collection when it launched them in August 2022 (Faithfull, 2023).

The introduction of Tiffany & Co.'s NFTiff line in collaboration with Cryptopunk NFT can be seen as a strategic move to attract a younger demographic, and to a degree, engage this new audience that recognizes NFTs as a form of valid art. This strategy, although still in its early stages, hints at the potential of using digital assets like NFTs as a tool for **customer acquisition**.

- **Case example: Michelin**

In April 2023 Michelin launched the *Michelin 3xplorer Club*, an exclusive NFT collection consisting of 5,000 unique pieces depicting the famous Michelin Man. The club is open to all, and holders of NFT format member cards will enjoy privileged access. With this move members will possess a unique digital work representing the Michelin Man, and there will be a lottery and community challenges to give members a chance to access exclusive experiences, such as the revelation gala of the famous MICHELIN Guide selection attended by leading chefs (Michelin, 2023).

The Michelin Guide, which initially provided information about repair shops, gas stations, and restaurants, eventually became a symbol of high-end dining and a prestigious rating system for restaurants. The guide has served as a brand-building tool and a way to build on the tradition rooted in the company's founders (Business Insider, 2014).

Continuing on this journey of innovation and adaptation to new-age trends, Michelin has embraced the digital world of blockchain.

The NFT collection is the first phase of Michelin's Web3 strategy, aiming to create new experiences for its customers and strengthen its relationship with the community. The collection is created on the Ethereum blockchain (Michelin, 2023).

Michelin's launch of the 3xplorer Club NFT collection can be viewed as a strategic adaptation to new-age digital trends, aiming to **attract** and **engage customers** in a novel way. The exclusive experiences offered to NFT holders may **enhance engagement** by offering them exclusive experiences and rewards like the participation in a lottery.

- **Case example: Gucci**

Gucci stands as a pioneering luxury brand, consistently pushing the boundaries and setting trends in the high-end fashion industry.

In a discussion with Vogue Business, Gucci's CEO, Marco Bizzarri, stated, "Gucci consistently aims to pioneer new initiatives and won't shy away from challenging the established norms. While many major brands choose to adopt a wait-and-see strategy, following trends at a later stage with a more cautious outlook — a strategy that has its merits, it's not one that aligns with Gucci's daring ethos, and it never will" (Marr, 2023).

Gucci Garden in the game Roblox includes rooms inspired by Gucci campaigns where users can look at, try on, and buy Gucci stuff for their game characters (Colicev, 2023).

Gucci is launching "Gucci Vault Land" in the metaverse, a virtual space for users to explore the brand's history through games and NFTs. This move is part of a broader trend where major brands engage with the global metaverse community to promote and sell both physical and virtual goods. Morgan Stanley predicts this digital fashion trend could boost the industry's sales by \$50 billion by 2030 (Marr, 2023).

Gucci's move into the digital world with initiatives like Gucci Garden in Roblox and Gucci Vault Land in the metaverse can be seen as a strategic move for **customer acquisition**, attracting a digitally-savvy audience. By providing interactive, gamified experiences and NFTs, Gucci not only creates novel ways to **engage customers** but also establishes a unique platform for exploring the brand's history and connecting to a more digitally-savvy audience,

- **Case example: Nike**

In terms of NFT product design, brands have the flexibility to choose their approach. They may opt to create a digital twin of their physical product, establish an independent product line based on NFT technology, or develop a package that includes both the physical product and its NFT counterpart. Companies like Nike have demonstrated successful ventures into this domain by selling numerous pairs of shoes that flawlessly mimic their digital counterparts, as highlighted by Colicev (2023). Nike has expanded its digital footprint by acquiring RTFKT, a startup renowned for their specialization in creating NFT-based digital sneakers (Sundararajan, 2023). As part of the company's move towards digitization, Nike introduced the .SWOOSH platform, providing users the ability to create virtual content for video games and experiences. This platform also offers a unique opportunity for users to earn royalties from their co-created virtual products (Faithfull, 2023).

Their first collection was offered in two digital "boxes", namely, the Classic Remix and the New Wave, each priced at \$19.82. Inside each box, a digital representation of Nike's iconic Air Force 1 shoe, called Our Force 1, is included (Faithfull, 2023).

Nikeland is a virtual space created by Nike on the Roblox platform. It's a place where fans can meet, chat, join in activities, and experience various aspects related to the Nike brand (Forbes, 2022).

Nike's venture into NFTs has already shown substantial financial success, generating \$185 million in the previous year (Faithfull, 2023).

By offering virtual content creation through the .SWOOSH platform, along with establishing a virtual space on Roblox, Nike not only aims to contribute to **customer engagement** but also empowers consumers to co-create, potentially fostering a strong brand connection that can lead to more **customer loyalty** over time.

- **Case example: Starbucks**

In 2023 Starbucks launched Starbucks Odyssey, which is a new Web3 loyalty program. The collection included a blend of photos, the textures found within the store, and influential icons, all inspired by the first-ever outlet of the chain located in Seattle's Pike Place Market (Faithfull, 2023).

As of now (May 2023) it's an invitation-only program and is still being tested. It encourages members to earn Stamps by doing activities, taking quizzes, and buying things in-store. The first set of NFTs, called the "Siren Collection," went on sale and members could buy two Stamps for \$100 each. The sale was so popular that it caused the website to have problems, and all 2,000 Stamps sold out in just 18 minutes (Garfinkle, 2023).

Post-launch, the secondary market for Starbucks Odyssey's NFTs has seen significant activity, with one NFT trading at over \$2,000, as per Nifty Gateway (Faithfull, 2023), which can be viewed as a proof of heightened **customer engagement**.

Starbucks' introduction of the Starbucks Odyssey, a Web3 loyalty program, marks a novel approach towards enhancing **customer loyalty** using NFT technology.

- **Case example: The Wolf of Wall Street**

"The Wolf of Wall Street" is a 2013 American biographical black comedy crime film directed by Martin Scorsese and written by Terence Winter. It is based on the memoir of the same name by Jordan Belfort, which recounts Belfort's experiences as a stockbroker on Wall Street during the late 1980s and 1990s. It's a cult film and thus has a huge fanbase.

Especially in the field of trading, it might not come as a surprise that the producer of "The Wolf of Wall Street" is planning to sell collectible NFTs (April 2023) linked to scenes from the Martin Scorsese film, which grossed over \$400 million at the box office. Fans can purchase these NFTs for \$100 and up. Buyers will gain privileged access to a private event marking the film's 10th anniversary and will become members of an online community where they can purchase swag such as props, costumes, and hear remixed songs from the soundtrack (Bloomberg, 2023).

It demonstrates an innovative strategy to monetize the film's substantial fandom through the sale of unique tokens.

The plan by the producer of "The Wolf of Wall Street" to sell NFTs linked to scenes from the film represents a strategic approach to leverage the film's significant fanbase and create a novel revenue stream. By offering privileges like access to the film's 10th-anniversary event and exclusive merchandise, the move can **enhance fan engagement** and potentially strengthen their emotional connection to the film, **fostering loyalty**.

- **Case example: Louis Vuitton**

The latest move by Louis Vuitton to release its "VIA Treasure Trunk" limited edition NFT collection in June 2023 proves that NFTs are increasingly being adopted in the fashion industry. The French luxury brand is entering the world of Web3 and NFT with each piece priced at €39,000 (Hirschmiller, 2023).

The collection is referred to as "A trunk inspired by the vision of the Maison and designed to energize future creative drops and endeavors" (Hirschmiller, 2023). The release of the Treasure Trunk NFTs will be followed by a key drop that will “unlock the first digital collectible, stitching exceptional product and digital culture together”.

The VIA Treasure Trunks, available in a very limited and exclusive edition of a few hundred pieces, will act as portals into the world of Louis Vuitton, revealing new, limited products and experiences through immersive drops which will be progressively launched at regular intervals throughout the year.

Interestingly, these NFTs will come in the form of soul-bound tokens, which cannot be transferred to other wallets, a decision made by Louis Vuitton to encourage “enduring ownership”. Owners of a Treasure Trunk will be able to purchase digital keys to unlock new and unseen collectibles of the Maison, each collectible being revealed through the Treasure Trunk in a digital form that is twinned with exclusive access to a physical counterpart (Hirschmiller, 2023).

Louis Vuitton's introduction of the "VIA Treasure Trunk" NFT collection exemplifies the brand's strategic move to blend luxury fashion with digital culture. The decision to issue soul-bound tokens, which encourages enduring ownership, seems to be an innovative attempt at fostering **customer loyalty**. By offering ongoing experiences in the form of immersive drops and exclusive access to physical counterparts, Louis Vuitton creates a continuous **engagement** loop that could potentially enhance **customer loyalty** over time.

2.6.2 Conclusion

NFT may provide a platform for brands like Tiffany & Co. and Gucci to tap into a new, digitally-savvy demographic, driving **customer acquisition** by appealing to their interest in

digital ownership and art. Tiffany & Co's NFTiff product line, aimed at Cryptopunk NFT holders, and Gucci's ventures into the metaverse can be viewed as examples of brands leveraging the allure of NFTs to **attract new customers**.

When it comes to **customer engagement**, brands such as Nike and Michelin demonstrate that NFTs can be utilized as interactive tools to cultivate a deeper connection with customers. Nike's .SWOOSH platform and Michelin's 3xplorer Club, both of which provide exclusive experiences and opportunities for their customers, are indications of this. They not only offer unique value to customers but also foster a sense of belonging and involvement in the brand's community.

As for **customer loyalty**, the approach taken by Louis Vuitton with its "VIA Treasure Trunk" collection and Starbucks with its new Web3 loyalty program, Starbucks Odyssey, suggests that NFTs can be leveraged to encourage **long-term customer commitment**. By providing exclusive rewards and experiences to NFT holders, these brands aim to nurture an enduring bond with their customers.

However it's also important to acknowledge the uncertainties surrounding this new technology. There is some skepticism as to whether the current enthusiasm for NFTs is a sustainable trend or a transient hype. There are also questions regarding the scalability of these strategies, given the currently limited understanding and acceptance of NFTs among the general public.

3. Methodology

3.1 Choice of Method: Qualitative and Exploratory Approach

This chapter outlines the research methodology that will be employed to answer the central question of this thesis: How can brands effectively utilize NFTs as a marketing tool to increase customer acquisition, build customer engagement, and establish long-term loyalty?

We chose to follow a *qualitative and exploratory research* approach, mainly given the innovative and rapidly-evolving nature of NFTs in marketing. NFTs are a very new field, the existing literature is sparse, thus making a qualitative approach more fitting as it is open-ended and flexible, capable of revealing new information on the topic and contributing to the new body of knowledge in this field.

The application of qualitative research methodologies offers several distinct advantages, particularly in the context of our study on NFTs in marketing.

Rahman (2016) discusses several advantages of qualitative research. Firstly it is renowned for its ability to produce detailed, or "thick", descriptions of participants' feelings, opinions, experiences, and actions. Such thoroughness allows for the interpretation of meanings of actions in a way that quantitative methods might overlook Rahman (2016). In the context of our study, these detailed insights can help us to understand the perspectives and experiences of companies and marketing professionals regarding NFTs in marketing.

Secondly, qualitative research is known for its holistic approach to understanding human experience within specific settings. This method acknowledges the role of context, culture, and values in shaping experiences and perceptions Rahman (2016) which is particularly relevant in the ever-evolving field of digital marketing. The use of NFTs in marketing is intrinsically tied to the digital context in which it exists, as well as the culture and values of the digital communities it serves.

This method also allows for rich, subjective, and detailed data collection Rahman (2016). In our case, it would enable direct interactions with the key stakeholders, thereby providing first-hand and in-depth insights into their experiences and perspectives about NFTs in marketing.

Lastly, the inherent flexibility of qualitative research design allows for the research process to be responsive and adaptable to the emerging findings and patterns, Rahman (2016) a trait that is particularly beneficial when exploring a novel and rapidly evolving phenomenon like NFTs in marketing.

Given the innovative and rapidly-evolving nature of NFTs in marketing, this study will employ an exploratory research design. As this phenomenon is rather novel, there is limited existing literature to rely upon, which is also precisely the reason why we chose this research topic as a way to contribute to the discussion of how brands can use NFTs effectively in their marketing campaigns.

We believe that exploratory research will provide an open and flexible framework for delving into this emerging field.

In order to construct a theoretical framework we will be using an inductive mode of reasoning. According to (Hayes et al., 2010) inductive reasoning involves applying known information or insights to make predictions about new cases.

By using inductive reasoning, we can apply the insights and knowledge we gain from our interviews to broader concepts. By starting with the specifics of each individual interview we hope to get a better understanding of the topic.

We will commence with an open research question and allow the theory to emerge from the observations (or in this case, the interview data), providing a more authentic and accurate understanding of the phenomenon under study.

The exploratory design of this study intends to provide a platform for gaining qualitative data through individual and semi-structured interviews. As the objective is to understand the driving forces behind the effective use of NFTs in marketing, it is indispensable to engage in conversation with key stakeholders—brand managers, marketing professionals, and people working in the field of NFTs. We hope that this approach will enable the capture of more insights into brand and consumer attitudes towards NFTs.

Thus, the chosen method is in sync with the research question, and its exploratory and inductive nature aligns with the nascent field of study, aiming to contribute valuable insights to the developing discourse around NFTs in marketing.

3.2 Sampling

We chose to employ a *purposeful sampling strategy*.

Purposeful sampling is a qualitative method where the researcher intentionally selects individuals and sites to learn or understand the central phenomenon under investigation. In this case, we specifically chose participants who were involved in the field of NFTs, brand management, and marketing. Our intention was motivated to gain rich, detailed insights from individuals directly shaping and participating in this field.

We made use of both the website LinkedIn and Ustart, a student club focused on entrepreneurship. LinkedIn allowed us to reach out to professionals around the globe and the Ustart student club, which we have been a member of, provided me with an opportunity to interview young, forward-thinking individuals, interested in new technologies.

It is noteworthy to mention that a substantial number of our participants were based in South Korea and Taiwan. The geographical focus was influenced by my personal circumstances, as we had the opportunity to undertake a marketing internship at a company based in South Korea.

South Korea and Taiwan are widely recognized as hubs of technological innovation. Their prominence in the tech industry made them ideal locales for investigating my research questions.

The following table presents an overview of the key participants who were interviewed during the course of this research, including relevant information such as their names, affiliated companies, job titles, and the specific interview method utilized for each participant.

Interviewee Name	Interviewee's Company	Job Title	Interview Method
Elf Hsu	AlfredCamera	Customer Operation Specialist	Email Interview
Antoine Sparenberg	Argent	Ecosystem Lead	Recorded Interview
Davin Chang	Arcade Land & MintyScore	Business Developer & Team Leader	Recorded Interview
준빈 (Kuo Jun Bin)	MetaSnake	Blockchain Consultant	Email Interview
黃家琳 (Jacqueline)	Zoofrenz NFT	Content Marketing Manager	Email Interview
Marc Breynart	GG56	Marketing Manager	Email Interview
Tancrède d'Aspremont Lynden	Sortlist	Content Marketer	Email Interview
Angela Cios	Angela Cios	Agency Owner	Email Interview

Table 2: Overview of Interviewee Details

3.3 Data Collection

We decided to use a *semi-structured interview style* based on the flexibility and depth it offers.

The primary data for this study was collected through *Email Interviews and Recorded Interviews*, which were either Face-to-Face or Online. The choice of interview method was determined by the preference of the interviewee, ensuring their maximum comfort and participation.

Email Interviews: This involved sending a set of questions to the participants via email, providing them with the flexibility to respond at their own convenience.

Recorded Interviews: These were in-person or online interviews that were recorded with the participants' consent.

a. Face-to-Face Interviews: These were conducted in person.

b. Online Interviews: These were conducted virtually, providing the same level of interaction as face-to-face interviews, but with the added convenience of remote connectivity.

By offering a range of interview methods, we aimed to accommodate the various preferences and schedules of the interviewees, including thereby encouraging maximum participation and obtaining a diverse range of insights for the research.

3.4 Data Analysis

We used a *thematic analysis* to find common themes in the interview.

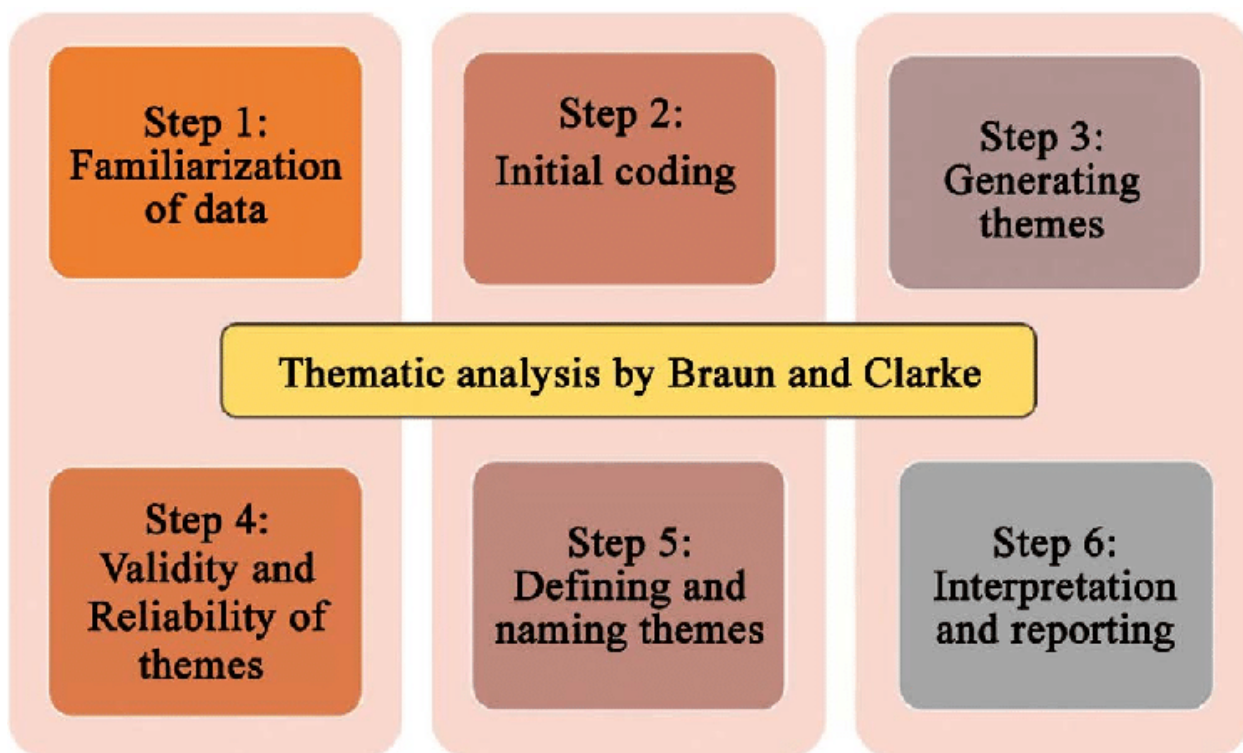
For the analysis of the collected data, we employed a thematic analysis approach. Thematic analysis is a widely used qualitative research method that involves identifying, analyzing, and reporting patterns or 'themes' within the data.

The thematic analysis process is flexible and organizes the data into a detailed, rich, and complex account of the data. This method allows for the encapsulation of complex realities, giving voice to participants' experiences and perceptions.

Following the steps suggested by (Braun and Clarke, 2006) the analysis involved:

- **Familiarization with the data:** We started by transcribing the interviews and reading through the data multiple times to familiarize myself with the material.

- **Generating initial codes:** This step involved producing preliminary codes from the data. Coding means identifying a feature of the data that appears interesting or significant and then encoding it in a way that we could later use.
- **Searching for themes:** After coding the entire data set, we began to look for potential themes.
- **Reviewing themes:** In this phase, we refined the specifics of each theme and the overall story the analysis tells, generating clear definitions and names for each theme.
- **Defining and naming themes:** We further reviewed and refined the themes, and generated clear definitions and names for each one.
- **Producing the report:** Finally, we translated the analysis into a report, presenting an account of the story the data tells, within and across themes.



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- *Figure 4: Thematic Analysis by Braun and Clarke (2006)*

This systematic approach of thematic analysis was chosen for its ability to organize and richly describe the dataset, providing a detailed account of the common themes that emerged from the interviews.

3.5 Ethics

All participants were informed about the purpose of the study, the nature of their involvement, and the ways in which the data would be used. They were also assured that their participation was entirely voluntary, and they could withdraw at any stage without any repercussions. Confidentiality and privacy were maintained throughout the research process, with all data securely stored and accessible only to us as the researchers.

4. Findings

We conducted interviews with eight professionals working in the field of NFT marketing to explore their perspectives on how brands can effectively utilize NFTs as a marketing tool. Through thematic analysis, We identified eight common themes that emerged from their responses.

Common Themes	Examples
1. Customer Acquisition	<i>"Brands should use a comprehensive marketing plan to promote their NFTs across relevant channels, which can be a direct way to attract new customers."</i>
2. Innovativeness	<i>"Brands need to continually innovate and provide attractive and unique benefits to holders in order to sustain operations."</i>
3. Customer Engagement through NFTs	<i>"Consumers can connect with like-minded individuals through platforms like Twitter or Discord, much like joining a fan club."</i>
4. Customer Loyalty	<i>"By fostering a vibrant and engaged community around NFTs, brands can potentially deepen their relationships with customers."</i>
5. Value Creation and Collaborative Ecosystems	<i>"The transferability of NFTs opens up secondary market opportunities."</i>
6. Risks and Potential Challenges	<i>"Brands must thoughtfully design their NFT offerings, as these could have a lasting impact on their reputation."</i>
7. Future Outlook	<i>"The future role of NFTs in digital marketing will depend on technological progression, customer acceptance, and the successful integration of NFTs into brands' strategies."</i>

8. Recommendations	<i>"Identifying a receptive target audience and collaborating with NFT experts or established platforms can help ensure a successful integration."</i>
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Table 3: Overview of Key Themes and Examples

By examining each theme, we can gain a deeper understanding of the potential benefits and considerations associated with using NFTs in marketing strategies.

4.1 Theme Customer Acquisition

4.1.1 Underlying Technology Versus Terminology

Both D'Aspremont Lynden and Sparenberg agree that the underlying technology might be more interesting to attract new customers than the notion NFT itself. Sparenberg notes *"As a general rule, I think it's fair to say that NFTs have had a hard time establishing themselves in the mainstream as a digital object, so it's really the underlying technology that's going to do it, but it's still a work in progress, so it's something that needs to be projected into the future."* Brands should shift their focus to the wider, more mainstream audience, not just people who are already in the crypto space. Brands can leverage the technology underlying NFTs to offer unique value propositions, without explicitly marketing the term "NFT". By using this approach, they can attract new customers by offering the benefits of NFT technology, such as digital ownership and exclusivity, in a user-friendly and accessible manner.

4.1.2 Global Marketing Opportunities

A new way to attract customers globally is through the use of NFTs, which unlike traditional marketing channels, are borderless. This enables brands to gain worldwide exposure and reach a diverse set of users by selling their NFT collections. Chang points out that for their company partnering with them allows brands to tap into various markets such as Asia, the US, and Europe.

In their experience, around 30% of their customers are from the USA, demonstrating how NFTs can help a traditionally locally focused brand like Chang's company to break geographic barriers.

4.1.3 Exclusivity

黃家琳 (Jacqueline) suggests that the perhaps challenging task to set up a crypto wallet could also serve as a filter, attracting a specific type of customer. *“Given their high price, rarity, and permanence, NFTs could appeal to consumers who seek brand VIP status.”*

Breynart also notes the power of exclusivity that NFTs can provide. As an example, he cites Robert Mondavi, a Californian winery that introduced the first-ever wine label as an NFT. These unique digital collectibles not only elevate the brand's reputation but also foster customer loyalty and cultivate a unique bond between the brand and its customers.

“Each NFT of wine is a collectible item, retailing at \$3,500, and comes with the added benefit of unlocking special experiences for owners who visit the company. By offering unique digital collectibles through NFTs, Robert Mondavi not only improves their reputation but also builds customer loyalty, and provides a memorable connection between their brand and customers.”

4.1.4 Targeting Mainstream Audience by User-friendly Experience

Brands should shift their focus to the wider, more mainstream audience, not just people who are already in the crypto space is Sparenberg's advice. Brands can leverage the technology underlying NFTs to offer unique value propositions, without explicitly marketing the term "NFT". By using this approach, they can attract new customers by offering the benefits of NFT technology, such as digital ownership and exclusivity, in a user-friendly and accessible manner.

4.1.5 Community Building

Jun Bin emphasizes the importance of fostering a community in attracting new customers. One practical way of doing this is by integrating NFTs with community-based platforms, such as Discord. The ownership of NFTs could provide exclusive access to certain groups or channels. For example, holding one NFT could allow entry into a basic group, while holding two NFTs

could offer entry into a premium group with additional benefits. This tiered access strategy could incentivize more users to engage with the brand and purchase additional NFTs.

MurMur Cats, a Taiwanese brand, presents a good example of leveraging NFTs for community building. By assigning value and exclusivity through the ownership of NFTs, the brand has successfully created an engaged community around its product. This, in turn, attracts new customers who seek to be part of such a unique and active community.

Furthermore, Breynart sees the potential of NFTs to improve and streamline membership programs. By bypassing traditional hurdles such as sign-ups, separate payments, and password management, NFTs can offer frictionless access to content and rewards through customers' digital wallets. The South Korean 7-Eleven's reward system with Klay coins via a Klip digital wallet exemplifies this seamless customer experience.

4.2 Theme: Innovativeness

Hsu emphasized that brands need to continually innovate and offer attractive and unique benefits to NFT holders in order to sustain operations. *“To be honest, I believe that for brands to gain long-term benefits from using NFTs as a marketing strategy, they need to continually innovate and provide attractive and unique benefits to holders in order to sustain operations.”*

Sparenberg notes *“there's another company called Partouche, which runs casinos in France. They gave Porsche NFT holders the opportunity to claim one of their own NFTs, i.e. access to their casinos, if I remember correctly. That's a very good example. You're a brand like Partouche, you know that your core target is people who have money, who like to show it off and spend it. You go on blockchain, you identify people who own a Porsche NFT and who therefore correspond to this category and thanks to blockchain you can offer them a night in one of your casinos and you know that it will be well repaid simply because they will spend the evening at the casino spending their money. All this is on a small scale, but we can project ourselves 5-10 years into the future in a world where all this will be widespread.”* Porsche's collaboration with Partouche exemplifies how blockchain and NFTs can facilitate targeted marketing by reaching out to an already interested audience, offering unique experiences and forming robust relationships.

Breynart believes that NFTs can lead to new opportunities for brands to engage with their customers: *"NFTs present, in my opinion, an exciting opportunity for brands to engage with their audience in innovative ways."*

Breynart highlights that NFTs can simplify and enhance membership programs: *"Membership programs can also be streamlined and enhanced through the use of NFTs. Traditional membership programs often involve sign-ups, separate payments, and password management, leading to potential friction for customers. However, NFTs can remove this friction by directly allowing customers to access content or receive rewards directly to their digital wallets."*

黃家琳 (Jacqueline) notes that NFTs, being built on the principles of Web3, allow for a greater degree of community involvement in decision-making processes. Brands can offer NFT holders the ability to influence certain brand products or directions. This innovative approach encourages consumers to contribute to the brand actively, instead of being passive recipients, thus fostering a more interactive and dynamic relationship between the brand and its consumers.

According to 黃家琳 (Jacqueline), when brands use new technologies like NFTs, it's a strong way for them to show that they are innovative and thinking ahead. "Embracing new technologies can showcase a brand's innovation and forward-thinking approach." For well-established brands, venturing into the world of NFTs provides an opportunity to demonstrate their adaptability and commitment to remaining relevant and appealing to younger demographics.

Chang explains the innovative business model of a Taiwanese company, which blends the traditional practice of philanthropy with the emerging technology of NFTs. In this strategy, when individuals donate to NGOs or universities, they are rewarded with unique NFTs created by artists, which not only acts as a receipt for their tax-reduction but also has the potential to appreciate in value over time, particularly if the associated artist gains fame.

Also the example of innovative use of NFTs is demonstrated by AO (Australia Open), with a 10-year plan NFT offering. Through a lottery system, NFT owners have the chance to be invited and witness a virtual ball drop on a specific location on the field. This incentivizes NFT owners to watch the match, as their ownership and participation are recorded.

"If you are not a fan of tennis originally, if you own the NFT you want to watch each match because you want to know the results related to NFT. You can miss something important if you don't follow everything, on the social networks too. So the brand gains engagement. In this market the community is the most important. Each owners of NFT they also want the community

to be strong because it's in their interest to grow the value of their NFT. It's a bit like if they are stakeholders of the company.”

4.3 Theme Customer Engagement through the Use of NFTs

4.3.1 Direct and Personalized Customer Relationship

NFTs allow for a more direct and personalized contact with the customer. This not only helps to establish a stronger bond between the company and its customers, but it also enables the company to offer unique experiences to individual customers, based on their specific interests and behaviors for example by *“offering them experiences directly, to give them discount coupons, that sort of thing simply because it's very easily identifiable on the blockchain.”* emphasizes Sparenberg. By leveraging NFTs as a gateway to Web3.0 experiences, brands can create unique opportunities for customers to interact with their products and services. Sparenberg highlights the example of Carrefour's NFBees campaign, where customers collected NFTs that provided access to The Sandbox metaverse and a gamified experience. This approach demonstrates how NFTs can serve as a bridge, allowing users who are not immersed in crypto or web 3.0 to participate in novel digital experiences.

4.3.2 Participation

Chang presents an example of innovative use of NFTs as demonstrated by AO (Australia Open), with a 10-year plan NFT offering. Through a lottery system, NFT owners have the chance to be invited and witness a virtual ball drop on a specific location on the field. This incentivizes NFT owners to watch the match, as their ownership and participation are recorded.

Chang points out *“If you are not a fan of tennis originally, if you own the NFT you want to watch each match because you want to know the results related to NFT. You can miss something important if you don't follow everything, on the social networks too. So the brand gains engagement. In this market the community is the most important. Each owners of NFT they also want the community to be strong because it's in their interest to grow the value of their NFT. It's a bit like if they are stakeholders of the company.”*

黃家琳 (Jacqueline) believes that NFTs, through their scarcity and exclusivity, can help deepen the emotional connection between consumers and the brand. Additionally, she highlights the power of community awareness fostered by NFTs. Consumers can connect with like-minded individuals through platforms like Twitter or Discord, much like joining a fan club. This social aspect can encourage consumers to more actively promote their love for the brand, increasing overall engagement.

4.3.3 Offering Rewards

Cios discusses the concept of "organizing contests with NFTs of specific value as prizes," which indicates a distinct perspective on engaging customers and driving brand interaction. As NFTs are often associated with exclusivity and ownership, awarding them as prizes could create a more meaningful connection between the customer and the brand.

Breynart believes that NFTs can improve membership programs by making them more convenient. Customers can access content and rewards seamlessly through their digital wallets, eliminating the need for sign-ups, separate payments, and password management. The reward system implemented by South Korean 7-Eleven, using Klay coins and Klip digital wallet, demonstrates this smooth customer experience.

4.4 Theme Customer Loyalty

4.4.1 Expanding Brand Interactions

Sparenberg mentions Arianee's NFT solutions for luxury brands like Breitling, where digital certificates issued through blockchain allow brands to stay in touch with the end-users of their products. This transparency and direct connection enable brands to maintain relationships with their customers beyond the initial purchase, fostering long-term engagement and loyalty. By embracing the underlying technology and its potential for customer interaction, brands can create immersive experiences that go beyond traditional marketing strategies.

Drawing on Arenberg's insights, one can see NFTs as a novel tool that augments customer experiences and extends the ways for businesses to interact with their customers. Traditional commerce, taking place in physical stores or via online platforms, has certain limits to customer

engagement. Consumers may visit your store, make a purchase, receive follow-up emails, and explore the brand's website.

NFTs, however, offer the advantage for a continued interaction with customers in a whole new digital realm - the metaverse. This innovative technology allows brands to have a continuous presence in the customer's lifestyle, which extends beyond the physical and the traditionally digital space.

4.4.2 Unifying Loyalty Programs through Digital Wallets

Chang noticed that the transition to NFTs means a customer won't have to manage rewards across multiple different apps, but instead have them collected and stored in a single digital wallet. This offers convenience and flexibility that could enhance customer loyalty. In the long term, this digitized, borderless, and streamlined loyalty system, enabled by NFTs, may prove more successful. It offers both the business and the customers a unified platform for managing rewards, regardless of where they are or where they go, which could lead to greater customer retention and loyalty.

4.4.3 Innovative NFT-based Donation Systems

Another way of establishing a loyal customer base is through unique value propositions that incorporate elements of social responsibility, artistic value, and potential investment returns. In Taiwan, a company leveraged these aspects by introducing NFTs in their donation system. When people donate to NGOs or universities, they receive an NFT created by an artist. This not only provides donors with a tax reduction benefit but also gives them the potential for a future return on investment if the associated artist becomes famous.

4.4.4 Looking Beyond Speculative Gains

Jun Bin believes that while the potential for using NFTs to foster customer loyalty exists, many people in the crypto field are primarily focused on how to earn money with NFTs, which hampers the development of loyalty towards a specific brand or product.

However, Jun Bin suggests that this trend is mostly because NFTs are new. As NFTs become more common, the focus on making profit might decrease, leading to stronger brand loyalty.

4.4.5 Strengthening Brand Loyalty through Engaged Communities

黃家琳 (Jacqueline) views the use of NFTs in marketing as a potentially effective tool to increase customer loyalty. According to her, the more time community members invest in the community, the higher their level of brand loyalty becomes. Therefore, she believes in the importance of enabling continuous contributions from community members to strengthen this sense of loyalty and investment in the brand. By fostering a vibrant and engaged community around NFTs, brands can potentially deepen their relationships with customers, enhancing loyalty in the process.

4.5 Theme Collaborative Ecosystems

4.5.1 Secondary Market Opportunities

The inherent nature of NFTs as tradable tokens provides a new layer of value to the experiences offered to customers. It introduces an economic value to the customer experience by allowing customers to trade these tokens, hence making them more valuable and appealing. Sparenberg notes *“There’s something important to add here, I think, and that’s that thanks to NFTs, NFTs are tokens, they can be traded, it gives a new value to everything you can give, to all the experiences you can give your customers. If they don’t want it and have no use for it themselves, they can very easily trade it and give it to someone else.”*

The transferability of NFTs opens up secondary market opportunities. If a customer doesn't have use for a particular experience or reward, they can trade or sell it to someone else, expanding the reach and lifespan of the initial offering.

Jun Bin argues that Web 3.0 significantly contributes to value creation by enhancing the usability and flexibility of digital assets and facilitating smooth, borderless transactions. In the context of Web 2.0, once an individual possesses a ticket for a group, it might not be possible or more difficult to sell or exchange it. On the other hand, in the Web 3.0 environment, the ability to easily exchange such digital assets enhances their value and usability, hence creating more value for the end-user. *“In web 2.0 if I have a ticket for a group and I don’t want it anymore It’s not easy, in web 3.0 I can exchange it easily.”*

4.5.2 Artist Collaboration

Cios who is both an artist and working in the field of NFTs suggests that brands might consider collaborating with NFT artists to tap into their fanbase and increase brand recognition. Such partnerships can marry creativity with branding, resulting in appealing and unique NFTs that resonate with a larger audience.

4.5.3 Community Building

Jun Bin stresses that brands can further increase engagement by rewarding active community participants with tokens. These tokens could serve as a form of currency within the community, encouraging more interaction and further deepening the sense of shared ownership. In this way, the community members do not just passively consume the brand's content, but become active participants in its growth and development.

Similarly Breynart recognises the NFT adaptation by Starbucks as a sign for community building. *“Without a doubt, one can understand that Starbucks aims to cultivate a community centered around collaboration, shared ownership, and the love of coffee.”*

4.6 Theme Risks and Challenges

4.6.1 Legal Challenges

As Cios points out, the lack of clear legal frameworks in certain countries presents potential hurdles for the widespread adoption of NFT technology, posing challenges that brands need to address and overcome."There may be legal aspects that could pose a challenge to the adoption of the technology, as it is still not clearly defined in some countries."

4.6.2 Security

Chang warns that the proliferation of scams, such as buyers being tricked into purchasing from fake sites or brands, or getting their wallet addresses compromised, constitutes a significant risk and potential challenge within the NFT marketplace.

Jun Bin explains that security is one of the biggest risks associated with NFTs at the moment. Thus he emphasizes the need for robust security improvements. *“We have to develop good security systems. I know a case about a security problem. A Taiwanese company to park cars, they used NFTs, but unfortunately, the implementation was not secure, leading to security issues in the parking system.”*

4.6.3 Volatile Market

D’Aspremont Lynden notes that the fluctuating value of the cryptocurrency used for NFT transactions could significantly impact the perceived value of an NFT, posing a risk for both the brand and the customer.

Hsu points out *“I think one risk is that NFTs might cause people to focus on the floor price. Therefore, while the brand continuously brainstorms interesting benefits, they also have to take into consideration the emotional fluctuations the floor price could bring to holders.”*

Also Jun Bin warns *“Another risk is people buying NFT’s and then it’s not popular anymore and they lose all their money.”*

4.6.4 Brand Image and Reputation

Hsu acknowledges that using NFTs in marketing brands can both contribute to a positive and negative brand image. Brands that successfully incorporate NFTs into their marketing strategy can showcase their innovation and attract tech-savvy consumers. However, if executed poorly, it could lead to a negative perception of the brand.

Breynat highlights the threat to a brand's reputation and perception, asserting that brands *"run the risk of being perceived as opportunistic or lacking genuine value if customers view their NFT initiatives as mere cash-grabs."*

One concern d'Aspremont Lynden sees, is the risk of overpromising and underdelivering. He states, "If a brand was to create an NFT program, without being able to actually deliver it and make sure everything comes together, it might backfire."

Cios argues that as societal awareness of environmental sustainability increases, the high energy consumption of blockchain operations, which are integral to NFT creation and transactions, may be a point of contention for some consumers. This, in turn, could reflect negatively on the brand's image.

4.7 Theme Future Outlook

4.7.1 Mainstream Adaptation

Discussing the future of NFTs in marketing, Hsu says: *"I hope to see more diverse real-world applications for NFTs in digital marketing, allowing the general public to have opportunities to engage and be willing to try to understand them."*

Regarding future expectations for digital marketing, Sparenberg anticipates that NFTs will become a core technology, underpinning a significant portion of marketing activities. This is something that can originate not only from brands but also from users. As we move further into the realm of Web3.0, the concept of DeSo, or Decentralized Social, gains momentum. This decentralization of major social platforms like Twitter, Facebook, and YouTube can create a shift in digital marketing approaches. Sparenberg notes *"As a general rule, I think it's fair to say that NFTs have had a hard time establishing themselves in the mainstream as a digital object, so it's really the underlying technology that's going to do it, but it's still a work in progress, so it's something that needs to be projected into the future."*

黃家琳 (Jacqueline) envisions a future where NFTs will serve as a bridge between Web2 and Web3, with NFTs being the most accessible products to introduce users to the Web3 ecosystem. "NFTs are the easiest products to onboard into Web3 and have the greatest potential for mass adoption in the future" As blockchain technology continues to rise in popularity and advance, 黃

家琳 (Jacqueline) anticipates that NFTs will offer more comprehensive identity authentication. They could represent a range of things, such as brand memberships or individual medical records, broadening their application and impact. Hence, her outlook on the future of NFTs is optimistic, envisioning a transformative role for them in the digital landscape.

Breynart also thinks that there'll be a shift in how companies approach NFTs. Rather than focusing on the technology itself, he expects businesses to start highlighting the actual benefits NFTs can provide to customers. He predicts, "Instead of just talking about NFTs all the time, they will start highlighting the actual benefits for customers." He believes this change in perspective will drive customer acceptance and enhance the value of NFTs as a marketing tool.

4.7.2 The Future of Membership

Breynart suggests that NFTs could become an integral part of loyalty programs in the next 5 to 10 years, stating, "*I think NFTs will become a key part of loyalty programs, especially in certain industries.*" He provides the example of Korean company Shinsegae, which uses NFTs in its loyalty program to offer unique perks and experiences, a trend he believes will continue as brands understand the potential of NFTs to enhance customer loyalty and engagement.

Chang views membership to be pivotal in future NFT use-cases, highlighting it as a tool for measuring long-term customer loyalty and providing added utilities. The value lies in long-term use cases and business models. Membership systems leverage NFTs to provide tangible advantages and benefits, setting them apart from short-lived NFT collections launched because they are trendy at the time.

4.7.3 Link to Other Technological Innovations

Cios's future outlook on NFTs accentuates her belief that a lot will in fact depend on other technological innovations that could help them to gain wider usage. As she explains, "*A lot will actually depend on the development of other technologies... we can already observe how many NFTs are adapting to new technologies such as Apple Vision Pro and social media applications.*"

4.8 Theme Recommendations

4.8.1 Seeking Expert Assistance

In Sparenberg's view, the crucial first step for any brand interested in NFTs and Web3.0 is to understand what these terms mean, including the concept of crypto and various associated technologies. One criticism often leveled at major brands launching NFTs (particularly those releasing NFT collections or wishing to utilize NFT technology to engage their existing audience) is a lack of adequate support.

Nowadays, numerous consultancies have emerged that are experienced in managing successful NFT projects, and enlisting their aid could be beneficial. They can handle not only the public relations and customer engagement aspects but also the technical aspects.

Sparenberg suggests *"Therefore, rather than attempting to handle this in-house, my recommendation is to seek expert assistance."* However, considering that these technologies are set to transform our relationship with the Internet, it's essential for brands to comprehend them as well. Thus, while outsourcing is recommended, it may be beneficial to have someone in-house who can concurrently build expertise in these areas, facilitated by close collaboration with an external consultancy.

Chang agrees that working with a knowledgeable team or considering outsourcing is advisable, as traditional teams may lack the necessary understanding of the technology. He points out *"For example in Taiwan nobody is using twitter but to implement NFTs you have to embrace Twitter so find people who know, or outsourcing it's also a good solution. We saw a lot of traditional brands using their own teams that didn't know anything about the technology and the result is very bad."*

Also Breynart advises brands to collaborate with NFT experts or established platforms to ensure successful integration.

4.8.2 Define Audience and Setup Clear Strategy

Understanding the audience and clients is crucial to launch a successful marketing campaign.

Chang states *"For example some media are not suitable because their image is very important, I remember Wallstreet or New York Times they sold their NFT's and after one month they*

abruptly stopped because they found out it's a little dangerous because some readers think they are too innovative. Research, know your audience, know your clients.”

While currently there are no legal obligations for brands to provide a roadmap for their NFT initiatives, 黃家琳 (Jacqueline) thinks it's important to create a guideline nonetheless. Brands should have a clear, reasonable roadmap for their NFT strategy. Any abrupt changes or termination of the roadmap without valid reasons can lead to distrust among consumers and a bad image.

Breynart emphasizes the necessity of thorough research and understanding of NFTs to comprehend both the technology and market trends. He states, "Firstly, thorough research and understanding of NFTs is crucial to grasp the technology and market trends."

Aligning NFT initiatives with the brand values and ensuring that they resonate with the target audience is another vital aspect he outlines, asserting that *"brands should align NFT initiatives with their values and ensure they resonate with their target audience."*

He also underlines the importance of defining clear objectives for NFT campaigns, akin to traditional marketing. He suggests brands to focus on objectives such as *"customer engagement or revenue generation."*

Breynart advises brands to identify a receptive target audience and collaborate with NFT experts or established platforms for successful integration. He recommends, *"identifying a receptive target audience and collaborating with NFT experts or established platforms can help ensure a successful integration."*

4.8.3 Investing into Security

Jun Bin stresses the importance of security in the NFT space. Given the digital nature of NFTs and the potential for cyber threats, it's essential that brands prioritize establishing robust security measures to protect both themselves and their customers.

Breynart proposes testing and iterating small-scale initiatives, gathering feedback, and refining the strategy based on results. He highlights the importance of *"communicating the unique value proposition of NFTs and ensuring accessibility and security."*

4.8.4 Imagining Practical Use Cases with Concrete Value

Sparenberg cautions about the risk of focusing too much on what we know about NFTs today. *“Today it's mainly collections of PFP (profile pictures), so brands need to get away from that, and look for other experiences like the examples I've given you. A brand that launches into Web3.0 today with just a collection of 10,000 PFP is something that just doesn't work anymore. You really need to think of NFT as a technology that enables you to offer a particular experience to your users, your customers. If you're a World Cup sponsor, for example, you could organize a raffle where people who own your NFT could have a chance to rename a soccer star or go to a match for free. People who own your NFT could, for example, get discounts in your store, that sort of thing. It's really these experiences that need to be added to NFTs, otherwise it's clear that they don't work anymore.”*

Jun Bin emphasizes that brands must consider the value they can provide to their users in a very tangible way. In the context of NFTs, this could be the utility or unique experiences offered by owning the NFT. By focusing on these aspects, brands can enhance their NFT marketing strategies and build stronger relationships with their customers.

5. Discussion

Themes	Literature Review	Empirical Findings
Target Audience	Tech-savvy younger generation as the primary audience.	Mainstream audience post the 2022 NFT bubble burst.
Global Opportunities	N/A	Concrete examples of NFTs breaking geographical barriers, not extensively covered in literature.
Secondary Markets	Potential of NFTs to create secondary markets.	Practical examples of secondary markets, extending the longevity and scope of NFTs.
Expert Guidance	Importance of informed decision-making in the NFT space.	Strong advocacy for professional guidance and collaboration with NFT experts.
Challenges and Risks	Concerns about market volatility, speculative behaviors influencing NFTs' value, lack of understanding of NFTs for mainstream adaptation	Echoed concerns from literature and highlighted additional concerns such as need for brands to attach concrete benefits to NFTs, security measurements and user friendly adaptation with concrete examples such as using a credit card instead of a crypto wallet
Integration with Other Technologies	N/A	Highlighted the interconnectivity of NFTs with the broader digital technological landscape.

Table 4: Differences and Similarities of Literature Review and Empirical Findings

The transformative potential of Non-Fungible Tokens (NFTs) in marketing has been a key subject in this study. Through the interviews we conducted in 2023, it became evident that the hype surrounding NFTs, which skyrocketed in 2021, has notably given way for a more balanced, cautious and rational approach towards this novel technology. Despite some concerns about market volatility, brands overpromising and underdelivering, security flaws, and ill-defined marketing strategies, among other concerns discussed during our interviews, we also noticed some tangible optimism for this innovative new technology. These benefits include enhanced customer engagement, innovative business models, increased customer loyalty, and a novel marketing tool for customer acquisition.

Beyond the buzzword, NFTs offer a pragmatic means of innovating marketing strategies, attracting and retaining customers, and enhancing brand loyalty. Kaczynski and Kominers (2021) argue in Harvard Business Review *How NFTs Create Value*, that the potential of NFTs lies not only in the digital assets themselves but also in the innovative organizational structures and ecosystems they can create and support. Additionally Sundararajan (2023) reminds us that traditional businesses needed a considerable amount of time to understand how to effectively use Web1 and integrate it with their operations. Therefore, he suggests that the real value of NFTs is in the technology that drives them. This technology allows brands to move past the platform-focused advertising of Web 2.0 and regain control of their digital interactions with customers. During some interviews this conclusion resonated with the interview participants. For example Sparenberg suggested that *As a general rule, I think it's fair to say that NFTs have had a hard time establishing themselves in the mainstream as a digital object, so it's really the underlying technology that's going to do it, but it's still a work in progress, so it's something that needs to be projected into the future.*"

One notable difference between the literature review and the findings from the interviews is the discussion of the target audience for NFTs. The literature review emphasized the tech-savvy and trendy nature of the younger generation as the primary audience for NFTs. However, the interviews revealed a shift in the market landscape, where the term NFT lost its appeal in 2022, when the bubble burst, thus marketers are more careful to use the name and rather emphasize on the underlying technology, the practical usage for a mainstream audience rather than a niche-tech savvy audience.

Global opportunities presented by the integration of NFTs into marketing can be advantageous. Chang pointed out that for their company partnering with them allowed brands to tap into various markets such as Asia, the US, and Europe. In their experience, around 30% of their customers are from the USA, demonstrating how NFTs can help a traditionally locally focused brand like Chang's company to break geographic barriers.

Breynart (2023) provides the example of Korean company Shinsegae, which leverages NFTs within its loyalty program, offering unique experiences to its customers, showcasing how NFTs can drive customer loyalty and engagement.

The ability to transfer NFTs allows for the potential of secondary markets. If an individual finds no need for a specific reward or experience, they have the option to sell or exchange it with another party. This increases the longevity and scope of the original offering. Sparenberg noted *"There's something important to add here, I think, and that's that thanks to NFTs, NFTs are tokens, they can be traded, it gives a new value to everything you can give, to all the experiences you can give your customers. If they don't want it and have no use for it themselves, they can very easily trade it and give it to someone else."*

Chang believes memberships will be important in future uses of NFTs. They can help track customer loyalty over time and give extra benefits. The real value is in long-term uses and business plans. Membership programs use NFTs to give real advantages, which makes them different from NFT collections that only exist because they are popular for a short time.

Another interesting aspect emerging from the research is the connection between NFTs and other technological innovations.

In Cios' view, the widespread acceptance and usage of NFTs is fundamentally dependent on the evolution of associated technologies, underscoring the interconnected nature of NFTs' future with the overall trajectory of the digital technological landscape.

While the literature did acknowledge the importance of informed decision-making in the NFT space, the interviewees strongly advocated for professional guidance and collaboration with NFT experts. For example Sparenberg and Chang recommend brands to either form collaborations with experienced NFT consultancies or build in-house expertise to ensure successful integration and maximize the benefits derived from the adoption of NFTs. The emphasis on hiring NFT experts could be due to a certain level of bias, given the fact that the interviewees themselves

were experts in this specific industry and may naturally emphasize the importance of their own contributions. Alternatively, this consensus could also reflect the tumultuous journey the NFT market has experienced, suggesting a need for expert guidance to navigate the complexities and uncertainties inherent in this still-evolving field.

As for the risks we find evidence in the literature review by Kraeussl and Tugnetti (2022), who argue that NFTs' value may be more influenced by speculative behaviors than by inherent scarcity. This speculation could potentially lead to a market bubble, posing significant risks when there are no more buyers willing to pay elevated prices. This observation is further confirmed by Hsu who stated *that “one risk is that NFTs might cause people to focus on the floor price. Therefore, while the brand continuously brainstorms interesting benefits, they also have to take into consideration the emotional fluctuations the floor price could bring to holders.”* and D’Aspremont Lynden noted that the fluctuating value of the cryptocurrency used for NFT transactions could significantly impact the perceived value of an NFT, posing a risk for both the brand and the customer.

Sundararajan (2023) identifies several challenges in the pathway towards NFT acceptance, a major concern being a general lack of understanding of NFTs and blockchain technology among mainstream consumers.

Similar sentiments were shared during our interviews, where the complexity of these technologies and the current user experience were highlighted as significant barriers for potential adopters. For example Jun Bin made a point about the need for brands to offer tangible value to their users within the context of NFTs. He explained that it is not enough for a brand to simply issue NFTs, they need to attach concrete benefits or exclusive experiences to these digital tokens. Whether it's unlocking unique content or offering special privileges, the NFT needs to provide a clear advantage to the holder.

In summary, this study offered some new insights on the potential and challenges associated with integrating NFTs into marketing strategies in a time when the initial hype has subsided, and a more sober perspective has taken hold.

6. Conclusion and Recommendations

6.1 Conclusion

In an environment where customer expectations are evolving and new technologies are emerging, businesses need innovative approaches to marketing. Non-Fungible Tokens (NFTs), a product of blockchain technology, present such an opportunity. They provide a unique means for brands to enhance customer engagement, foster customer loyalty, and build innovative business models.

The results from the interviews we conducted highlight that NFTs have immense potential to change the marketing landscape. Beyond the initial hype, brands and industry experts are starting to see NFTs as a pragmatic means of innovating their marketing strategies. Brands can utilize NFTs to offer unique experiences to customers, enhance customer engagement and loyalty, and break geographical barriers, thereby expanding their market reach.

Furthermore, the use of NFTs in marketing strategies allows brands to leverage digital interactions with customers, taking back control from the platform-focused advertising of Web 2.0. For instance, memberships built on NFTs can track customer loyalty over time, offering real and lasting advantages. NFTs also offer the potential for the creation of secondary markets, adding new value to offerings and extending their longevity.

However, integrating NFTs into marketing strategies is not without its challenges. The interviews highlighted concerns about market volatility, brands overpromising and underdelivering, security flaws, and ill-defined marketing strategies. The study also found that the value of NFTs has been driven more by speculative behavior than by real value.

One key insight from the research is the importance of professional guidance and collaboration with NFT experts for a successful integration of NFTs into a brand's operations. This need for expert guidance underscores the complexity and evolving nature of the NFT market.

A significant barrier noted in the study is the general lack of understanding of NFTs and blockchain technology among mainstream consumers. The complexities of these technologies and the current user experience present considerable hurdles for potential adopters. Therefore, it is necessary for brands intending to leverage NFTs to provide clear benefits to users, tying these digital tokens to tangible rewards or exclusive experiences.

In light of these findings, the potential advantages of using NFTs in marketing strategies could outweigh the associated risks, provided there is a comprehensive understanding of the technology and appropriate professional guidance. With these in place, NFTs could serve as a substantial tool for brands to foster connections with their customers and enhance customer acquisition, engagement, and loyalty.

Coming to the core research question of this study: *"How can brands effectively utilize NFTs as a marketing tool to increase customer acquisition, build customer engagement, and establish long-term loyalty?"* The answer is multifaceted.

Firstly, NFTs offer brands the opportunity to attract new customers by using the underlying technology and practical benefits they provide, rather than solely relying on the term "NFT" itself. This approach allows brands to reach a wider mainstream audience, breaking down geographical barriers and operating on a global platform. By offering exclusive deals and user-friendly experiences, brands can target a broader demographic beyond just those already interested in the field of crypto or a younger, more tech-savvy audience. To effectively acquire new customers, community building plays a crucial role. Integrating NFTs with community-based platforms and offering tiered access based on NFT ownership can attract new users.

Secondly, brands can enhance customer engagement by offering innovative and unique experiences through NFTs, establishing a direct and personalized relationship. A good example is Carrefour's NFBees campaign, where customers collected NFTs granting them access to The Sandbox metaverse and a gamified experience, akin to joining a fan club. Brands can use NFTs not only to offer rewards such as contest prizes, but also as a gateway to familiarize customers with emerging technologies like the metaverse.

Thirdly, NFTs allow brands to enhance their customer relationships and build loyalty through expanding brand interactions, highlighted by use cases from luxury brands like Breitling, where they can serve as digital certificates allowing brands to directly connect with end-users and foster long-term loyalty. Another example is Starbucks which uses NFTs to foster customer loyalty by offering special access to unique Starbucks-centric experiences and benefits. This initiative, Starbucks Odyssey, has attracted early adopters who trade their free NFT stamps at significant

prices, underlining the value and appeal of such digital collectibles. Therefore, encouraging continuous participation within these communities could deepen relationships with customers and enhance brand loyalty.

Despite the potential benefits, the challenges such as market volatility, potential speculative bubbles, and a general lack of understanding of NFTs and blockchain technology need to be taken into account as well. While NFTs show potential, their successful application in marketing will require brands to navigate these challenges and formulate effective strategies. The expertise of professionals specialized in NFTs may prove invaluable in this process. In sum, NFTs stand as a possible tool for the future of digital marketing, provided the associated complexities are addressed.

6.2 Recommendations

In this study, we explored how brands can use NFTs in their marketing strategies. Here are some recommendations based on the interviews we conducted with people working in this field in 2023.

It's important for brands to fully understand NFTs, Web3.0, and related technologies. There are now expert consultancies that can help with this. They can guide brands through all aspects of an NFT project, from public relations and customer engagement to the technical parts. So, we recommend that brands get help from these experts. At the same time, it's also good to have someone on the brand's team who can learn about these technologies.

Brands need to know their audience and clients well. This is key to a successful marketing campaign. Having a clear plan for their NFT projects can help to build trust with consumers and maintain a good brand image. In some cases, brands should not use NFTs, if it does not align with the brand's identity or resonate with its customers. It could even harm the brand's image. Brands should only use NFTs if it provides real value to their audience and enhances their brand story. If not, other marketing strategies might be more appropriate.

Security is crucial when dealing with NFTs. Brands should take strong measures to protect themselves and their customers from cyber threats.

Brands should try to demystify their NFT projects for their audience, striving for transparency and comprehension. It's their responsibility to educate their consumers in a clear, straightforward, and digestible manner.

Additionally, to broaden accessibility and ease of transactions, it's recommended that brands consider incorporating traditional payment methods like credit cards alongside crypto wallets. This inclusion will cater to a wider audience, not limited to those familiar with cryptocurrencies, thus boosting the appeal and usability of NFTs for consumers.

Finally brands should think about how to give real value to their customers through NFTs. This could be by providing unique experiences or special offers to those who own the brand's NFTs. Merely using the term NFT in 2023 is not going to get consumers engaged or excited unless it's associated with tangible benefits and real opportunities.

7. Limitations and Future Research

While this study provides some insights how brands can use NFTs to their benefit, it is also important to note that the fast-evolving nature of this space may mean that some of the insights and perspectives shared during the interviews could quickly become outdated.

Another constraint is that due to the qualitative nature of this research, only a small number of participants were included. Therefore, the findings may not represent the views of all professionals working in the fields of NFTs and marketing.

Additionally, qualitative research relies on the interpretation of subjective data, such as participants' perceptions, experiences, and attitudes. This introduces the potential for researcher bias, as the analysis and conclusions drawn are susceptible to the researcher's personal perspectives, preconceptions, and interpretations (Patton, 2002).

Interviews conducted show the potential NFTs hold in transforming the marketing landscape. Some industry professionals are recognizing NFTs as a viable tool to refine and contribute to new marketing strategies. For brands intrigued by the possibilities of incorporating NFTs, it's recommended to collaborate with experts to develop strategic approaches that cater to their unique goals and target audience.

Furthermore, research in this nascent field is needed to continually refine our understanding of NFTs and their marketing applications. With the progression of this new field, there's a need for more articles and studies to be conducted, ensuring that knowledge remains current and comprehensive.

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Abstract :

In the era of rapid technological advancements, Non-Fungible Tokens (NFTs) have surfaced as innovative tools for marketing strategies. My study offers some insights on the potential and challenges associated with integrating NFTs into marketing strategies in a time when the initial hype has subsided, and a more sober perspective has taken hold. In this thesis, I look at the application of NFTs in marketing, their ability to reshape the customer-brand relationship, and potential challenges associated with their implementation. The study was based on an in-depth literature review and interviews with eight experts in the field, using a qualitative and exploratory approach.

I explored the use of NFTs in attracting a more diverse audience, engaging customers through unique experiences, and fostering long-term loyalty. The findings revealed a shift in NFT marketing strategies from targeting a tech-savvy audience to appealing to a broader demographic. The study also highlighted an increased focus on security measures, user-friendly application methods, and the necessity for expert advisors to work closely with brands for innovative implementation of this new technology.

Keywords: Non-Fungible Tokens, marketing strategy, customer engagement, customer acquisition, customer loyalty

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